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## **Southeast Asia Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

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6 February 1985

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AUSTRALIA

HAYDEN URGES NEW CALEDONIANS TO BACK PISANI PLAN

BK220856 Melbourne Overseas Service in English 0830 GMT 21 Jan 85

[Text] Australia's foreign minister, Mr Hayden, says the opposing sides in New Caledonia should support the independence proposals put forward by the French high commissioner, Mr Pisani. Mr Hayden was speaking after conferring in Canberra with the leader of the Kanak Liberation Front--the FLNKS--Mr Jean-Marie Tjibaou, who is on his way to France.

Mr Hayden told reporters the Pisani plan seemed to strive for accommodation of both Kanak aspirations and the views of those opposed to independence for the territory. The foreign minister expressed hope that non-Kanaks opposed to independence would objectively and timely (?accept) the French Government's proposals. Mr Hayden said that in the circumstances, the Pisani plan was a sensible mechanism to bring about a peaceful transfer of power, although he understood the FLNKS had reservations about details of its implementation. Mr Hayden declined to comment on whether the FLNKS had softened its attitude to the Pisani plan following last Saturday's visit to New Caledonia by France's President Mitterrand.

Mr Tjibaou gave qualified support to the plan. Speaking through an interpreter, he said it was a responsibility of the French to make the plan work. Mr Tjibaou said the FLNKS would not actively oppose the plan if the French believe the plan would restore peace to New Caledonia.

After his meeting with Mr Hayden, Mr Tjibaou paid a courtesy call on the prime minister, Mr Hawke, before continuing his flight to Paris for further discussions with the French Government.

CSO: 4200/424

AUSTRALIA

BRIEFS

ENERGY DISCUSSIONS WITH JAPAN--A group has been formed to keep watch on trends in the supply and usage of energy between Australia and Japan. Announcing the formation of the group, the minister of resources and energy, Senator Gareth Evans, said it would meet twice yearly in Canberra and Tokyo with the first meeting to be held in Tokyo in March. Senator Evans said the group's regular discussions of the broad energy outlook and its forecasts of energy demand and supply would make energy resource investment planning, production, and usage much easier. The formation of the group was suggested yesterday at talks between the Australian and Japanese prime ministers, and the idea was then followed up by Senator Evans and the Japanese minister for international trade and industry, Mr Mirata. [Text] [Melbourne Overseas Service in English 0830 GMT 16 Jan 85 BK]

SPACE SCIENCE RESEARCH OFFICE--The government Scientific and Industrial Research Organization--the CSIRO--is to set up a new office for space research in an effort to help Australian industry catch up on worldwide developments. The CSIRO chairman, Dr John Wild, said Australia would spend about \$500 million [Australian dollars] on buying operational space systems, such as Intelsat and Aussat by the end of this year, but very little of the equipment was being manufactured in Australia because of lack of experience. The office--the Space Science and Applications--would let contracts to private companies to allow them experience in building space equipment in areas where Australia had something to offer or gain. The director of the new office will be Dr Ken McCracken of Sydney who has been involved in American space research and pioneer X-ray astronomy in Australia using (Skylark) rockets. Dr McCracken said the new space research office would be involved in a number of programs which would permit Australian industry to have experience in the electronics and structural parts of satellites. [Text] [Melbourne Overseas Service in English 0430 GMT 13 Jan 85 BK]

OIL COOPERATION WITH PRC--China and Australia are to work more closely on developing oil industries. This was announced by the Trade Department in a statement issued in Canberra today following a recent visit to China by an oil industry trade mission. The department said the mission found the Chinese Government eager to foster foreign involvement in both offshore and onshore oil exploration and development. The trade mission recommended that Australian companies entered the Chinese oil and gas market by joint ventures or cooperation agreements with Chinese Government agencies. The Chinese Ministry of

Petroleum will send an oil trade mission to Australia in the first half of this year. [Summary] [Melbourne Overseas Service in English 0830 GMT 11 Jan 85 BK]

EXPORT FIGURES FOR 1984--Japan's share of Australian exports has fallen over the past year. Official figures released today show that a greater proportion of exports are going to China, New Zealand, and Hong Kong while Japan, the European Economic Community, and the countries of the Association of South-east Asia or ASEAN are taking less. However, Japan remains the largest single purchaser of Australian exports taking about 26 percent of the total followed by the EEC with 13 percent. The greatest export growth market was China. In the 4 months to October, Australian exports to China totaled almost \$1,300 million [Australian dollars]--that is just over U.S. \$1 billion--173 percent more than the corresponding period in 1983. Australia's exports for the 4 months to October was \$9,600 million nearly 25 percent higher than the same period in 1983. [Text] [Melbourne Overseas Service in English 0430 GMT 8 Jan 85 BK]

BEEF EXPORT BREAKTHROUGH--The Australian cattle industry has broken into an exclusive Japanese beef market previously monopolized by the United States. The Queensland company--Beef City Proprietary Limited--will export two containers of grain-fed frozen prime beef to Japan next week. Previously Australia's grain-fed beef exports to Japan were restricted to rump and hind quarter cut. Now, the Beef City Company is allowed to provide the Japanese market with other carcass cuts which had been supplied exclusively by the United States. Australian beef industry leaders had described the company's new export deal as a major breakthrough. [Text] [Melbourne Overseas Service in English 0830 GMT 10 Jan 85 BK]

FIJI, VANUATU RELIEF--Australian relief supplies have been sent to cyclone-battered Fiji and Vanuatu. An air force Hercules aircraft has landed in Nadi loaded with 1,000 tarpaulins and plastic sheeting and a 6-man army engineer reconnaissance team. After landing, the aircraft took a 2-man medical team on to Vanuatu. Another Hercules is scheduled to leave today for Vanuatu carrying tarpaulins and plastic sheeting and water purification chemicals. Two Iroquois helicopters are also being flown by Hercules to Vanuatu. A government spokesman said further requests for brown rice, high-protein biscuits, and water purification tablets were currently being processed by the Australian Development Assistance Bureau. [Text] [Melbourne Overseas Service in English 0430 GMT 21 Jan 85 BK]

PROTEST TO ETHIOPIA--The federal government has lodged a formal diplomatic protest against Ethiopia for seizing Australian famine relief supplies intended for rebel-held areas of the drought-stricken country. The Australian Embassy in Addis Ababa said the protest was followed by discussion about the seizure between the Ethiopian vice foreign minister, Mr (Tibebe Bekere) and the Australian charge d'affaires, Mr (Les Luck). An embassy spokesman said the discussions had been constructive. Earlier, Ethiopia had strongly protested against Australia's attempt to get the 6,000 tons of grain and other relief supplies to rebel areas, saying it was an infringement of its sovereignty. He said it would do whatever is necessary to keep material aid from reaching rebels in Eritrea and Tigre regions. [Text] [Melbourne Overseas Service in English 0430 GMT 19 Jan 85 BK]



BRUNEI

POLICE CHIEF ON INFLUX OF ILLEGAL IMMIGRANTS

BK151258 Kuala Belait THE BORNEO BULLETIN in English 5 Jan 85 p 1

[Text] Bandar Seri Begawan--Drug abuse and illegal immigrants are the biggest threats to Brunei's peace and security, says the police chief, Pengiran Omar.

He called on the public to help police combat this twin menace.

Pengiran Omar was speaking last Saturday at a retirement ceremony for 34 policemen at the Hassanal Bolkiah Police Stadium, Gadong.

The Police Commissioner told the BULLETIN later that Brunei authorities are seeking tougher penalties to stem the tide of illegal immigrants.

The situation is being discussed and recommendations will be made to the government, he said.

"We are very concerned about the situation. It is no longer just a police problem, but a national one. We would like everybody to help us discourage these people from entering the state," Pengiran Omar said.

"Not only are illegal immigrants a threat to peace and security but they can cause other social problems."

The drug menace has already prompted action from the police and other government departments and Brunei's drug laws have been strengthened to deter traffickers.

The police are cracking down also on people who smuggle or help illegal immigrants enter the state or harbor them.

"Illegals" are believed to be responsible for many crimes committed in Brunei.

Vanloads of immigration offenders have been rounded up by police and immigration officials during the past year. Most are fined in court and sent home.

"Our biggest problem though is from people who come here without any form of travel document," Pengiran Omar said.

Many of these people, he said, claim they are from Indonesia, but they are unable to prove this without documents.

Statistics released to THE BULLETIN by the Immigration Department this week show 1,409 people were arrested for being in the state illegally last year compared with 1,557 in 1983 and 937 in 1982.

Brunei's pre-independence development boom brought floods of illegals to Brunei to seek jobs.

A senior immigration official said: "These figures show only the tip of the problem. Many more have not been caught yet."

He urged the public to report to police anybody harboring or helping illegal immigrants and also warned employers to check workers' passports and identity cards before hiring them to make sure they are in Brunei legally.

CSO: 4200/431



BURMA

BRIEFS

SRV FORESTRY MINISTER VISIT--A forestry study delegation from the Socialist Republic of Vietnam led by Minister of Forestry Phan Xuan Dot called on the minister of agriculture and forestry, U Ye Guang, at his office in the Office of the Council of Ministers at 1430 today. The delegation is currently visiting Burma under the cultural exchange program between the Socialist Republic of the Union of Burma and the SRV. Present at the meeting were the deputy ministers of agriculture and forestry, U Kyaw Htin and U Hliang Myint; the SRV ambassador to Burma, Mr Pham Manh Diem; responsible officials from the SRV Embassy; and officials from the Ministry of Agriculture and Forestry. Forestry development projects in the two countries were discussed during the meeting. [Text] [Rangoon Domestic Service in Burmese 1300 GMT 17 Jan 85 BK]

HEALTH DELEGATION RETURNS FROM SRV--A health delegation headed by the deputy minister for health, Dr Tun Hla Pru, returned to Rangoon this morning by air after a study tour of health projects in the Socialist Republic of Vietnam under the cultural exchange program between the Socialist Republic of the Union of Burma and the SRV. The health delegation was welcomed at Rangoon airport by Health Minister U Tun Way, SRV ambassador to Burma Pham Manh Diem, and heads of departments under the Ministry of Health. The head of the delegation and the deputy minister of health was accompanied during the visit by Dr U Kyaw Lwin, director of the health department, and Dr U Win Maung, professor in the Rangoon General Hospital's anesthesiology department. [Text] [Rangoon Domestic Service in Burmese 1330 GMT 19 Jan 85 BK]

CSO: 4211/29

FIJI

#### BRIEFS

CYCLONES LEAVE THOUSANDS HOMELESS--Insurance companies in Fiji say they will pay out more than \$41 million [currency not specified] in claims for the damage cost by two cyclones--"Eric" and "Nigel"--which hit most of the country in the past 3 days. More than 7,500 homes are reported to have been damaged in the western and central divisions. At least 2,500 people are estimated to be in evacuation centers. Twenty-four people were killed during the first cyclone. The prime minister, Ratu Sir Kamisese Mara, who toured the stricken areas yesterday, said damage was much worse than from cyclone "Oscar" in March 1983. The cabinet is expected to meet today to consider relief and rehabilitation program. The director of meteorology, Mr (Ram Krishna), said the third cyclone--("Odette")--was first reported to be heading the same way as "Eric" and "Nigel" were weakening. He said it now posed no danger to Fiji. [Text] [Melbourne Overseas Service in English 0500 GMT 20 Jan 85 BK]

CSO: 4200/428

INDONESIA

ASAHI SHIMBUN CORRESPONDENT EXPELLED

Jakarta MERDEKA in Indonesian 6 Dec 84 pp 1, 12

[Text] The head of the Jakarta office of ASAHI SHIMBUN, Japan's largest newspaper, was asked to leave Indonesia because he had made a "mistake" in his reporting, said a Department of Information spokesman today.

Akira Mori was given 1 week to leave Indonesia because in the issue published on 12 November he wrote an "incorrect" report on certain events in Indonesia. Akira's request for an extension of a month to make his preparations to go home was granted by the Indonesian government.

Akira had made a mistake in his reporting by quoting illegal sources. Akira's report was based on quotes from illegal and subversive flyers. The flyers which discredited the government were signed by a group whose identity is still unknown.

Akira Mori told AFP [Agence France Presse] that he had received an order to leave Indonesia because the article he had written was considered to have "denigrated" the properly constituted government of Indonesia.

Akira is the first foreign reporter ever asked to leave the country before his visa expired. He said that his visa is valid for 1 more year.

Previously, the Indonesian government refused to renew the visas of four foreign reporters from AFP, the Asian Wall Street Journal, UPI and the Far Eastern Economic Review.

9846  
CSO:4213/104

INDONESIA

**PROGRESS, OBSTACLES IN TRANSMIGRATION DESCRIBED**

Jakarta MERDEKA in Indonesian 8 Dec 84 pp 1, 12

[Text] Minister of Transmigration Martono has admitted that the transmigration program, which has been going on for 30 years, is still having natural and bureaucratic difficulties.

Speaking to reporters today about the upcoming Devotion to Transmigration Day ceremonies to be held on 12 December, Martono said that without meaning to blame God the obstacles were in general natural ones such as a long dry season or flooding, which is due to heavy rains and which obstructs the preparation of the soil.

Problems also arise because the transmigrants' departure dates cannot be fitted in with the planting season. Sometimes the transmigrants are sent during the dry season and there is no water for planting, or in a flood so that it is also not possible to till the soil.

Even though there are many obstacles, Martono thinks that transmigration has made more progress now than in the past. Formerly, each transmigrant received only 1 hectare of land; now it is 2 hectares. Formerly, the transmigrants were transported by sea; now many are sent by Hercules aircraft.

This progress, he said, is due not only to the efforts of the Department of Transmigration. Besides government agencies, there are four other groups which Martono thinks have contributed to the success of transmigration projects--the press, contractors, scientists and institutes and professional organizations which organize transmigration projects.

Martono gave special thanks to the press which has given him much help in overcoming problems he has worked on, even though it has frequently been sharply critical and has reported items which have not been entirely true. "Nevertheless, press reports come in much faster than reports from my staff," said the minister.

9846  
CSO:4213/104

INDONESIA

# EDITORIAL VIEWS TAX 'PARDON'

Jakarta BUSINESS NEWS in English 21 Dec 84 p 2

[Editorial]

[Text]

The deadline for obtaining the tax pardon will arrive within ten days and it seems that public understanding with regard to this problem remains very limited. Therefore the three-day discussion on this subject held by Yayasan Bina Pembangunan (foundation for the promotion of development efforts) and the Indonesian Journalists Association has actually met the really existing need in society. It is, however, regrettable that the discussion was in fact very late, though possible was not too late yet.

One striking feature involving this question is that up to the last month before the deadline for the tax pardon, the government continued to issue regulations and/or elucidations that generally give an idea of more interesting aspects of the tax pardon. For instance, the raising of the limit of property tax imposition from Rp 14 million to Rp 80 million and the lowering of the rate of property tax from 1% to ½% for the property tax of 1985 gives an idea that the property tax for 1985 will be far smaller than that for 1984. This will reduce the fear that tax burden will become far heavier if the entire property is reported in the tax pardon. But the announcement was only issued early in December.

In the same way, the more detailed explanations given by the Director General of Taxation on Tuesday concerning the handing in of follow-up tax returns or corrective tax returns can reduce the anxiety among taxpayers who have not yet submitted their tax returns for the tax pardon. Though

provisions involving this matter were already issued by the Directorate General of Taxation in October, but --- as the Director General of Taxation put it --- "communications" do not seem to be smooth enough, so that the rules have been observed by only a few people. On the same day the Director General gave a tip on how a taxpayer who has not submitted his tax return can avoid the imposition of the redemption rate of 10%. If he hands in the follow-up tax return, he will only be subject to the property tax of 1% plus a 25% first level regional levy, thus only 1½%. If the property reported in the follow-up tax return is really in agreement with his wealth and this is again mentioned in the list of property attached

to the application for the tax pardon, then, though the taxpayer officially remains liable to the 10% redemption, he does not need to pay anything for the pardon because the difference between property based on the follow-up tax return and that in the application for the tax pardon is nil. Hence he has to pay only a total of 1½%, instead of 10%.

It is not certain how far the regulations, decrees as well as announcements that make the tax pardon even more attractive have indeed prompted more taxpayers to apply for the tax pardon. But the number of people seeking the tax pardon is apparently on the rise these days. However, this may result from the habit of Indonesians to always put off the handling of such matters as the tax pardon until the last moments allowed by regulations.

The terms laid down by the government concerning the pardon is virtually lenient and at the same time also tough. They are lenient because everything is left to taxpayers to handle; tough, because taxpayers are expected to report anything honestly according to the actual situation. The ownership of certain movables or immovables included in the list of property cannot just be based on receipts or even on transaction deeds alone (which often mention lower prices), but it must instead be based on actual acquisition prices. As long as no checking is conducted by tax agencies, everything is okay. But if the tax agencies have pieces of evidence that the property report is not true in terms of material and value, all the pardon will be cancelled, and investigation can be made into the origin of wealth, along with sanctions if negligence or purposeful acts can be proved.

Here the terms of the tax pardon thus become very tough.

The "leniency" of the terms accompanying the tax pardon shows that the government does not expect to receive a lot of exemption money from the tax pardon. Such exemptions are indeed excluded from the main objective. What is more important is that tax payment will be more in line with the actual condition. In fact, if the total of those paying taxes is only less than 700,000 while the Indonesian population is 160 million, the situation is very tragic. But one of the reasons for this fact is also the presence of a gap in mutual trust between taxpayers and tax agencies. This trust gap must first of all be bridged, if such a policy as the tax pardon is supposed to produce a satisfactory effect. Quite a number of people now even still fear that the tax pardon is only a "trap".

Jakarta, December 20, 1984

CSO: 4200/398

INDONESIA

NEW TAX LAWS CLARIFIED

Jakarta BUSINESS NEWS in English 21 Dec 84 pp 5, 6

[Text]

Director General for Taxation Drs. Salamun AT has expressed confidence that the implementation of the new tax laws will increase state revenue. Speaking at a seminar on the community's appreciation of taxation here recently, Salamun said the potential of the community in sharing contribution to tax revenue was still big enough to turn out total funds larger than tax revenue already collected in the current development era. He pointed to the ratio of domestic revenue (including non-oil tax revenue) to the Gross Domestic Product which was still small, still below that in the neighbouring countries.

The director general disclosed that the ratio was 3.3 percent in 1977, 7.6 percent in 1980, 6.8 percent in 1981 and 7.7 percent in 1982. In the neighbouring countries, it can reach over 10 percent. Therefore, it is reasonable for Indonesia to increase the ratio to at least 10 percent without necessarily increasing the tax burden to the community, he said.

There are new elements in the new tax laws (law No.6/1983 on general stipulation and system of taxation, law No. 7/1983 on property tax, law No.8/1983 on tax on value added and services and sales tax on luxuries) that are not clearly mentioned in tax laws that have been implemented so far. The new elements cover justice, simplicity, legal assurance, positive impact in the economic sector and resilience against tax smuggling.



The element of justice is reflected in the increase of the maximum income free from tax from Rp 300,000/year/person previously to Rp 960,000/year/person. If the tax rs consist of a husband and a wife with three children, the maximum income free from income tax, which was previously Rp 1,050,000, has been raised to Rp 2,880,000. The tax rate is progressive (15% - 25% - 35%).

The definition of income has been expanded/widened, not limited to regular income, but also income derived from various sources in a one-year period. Income tax is also imposed on capital gain, which was previously free from tax. If a person

has bought a land plot at a price of Rp 20 million and resold it at a price of Rp 80 million, he will be obliged to pay tax for his capital gain of Rp 60 million.

The positive impact is reflected in the lowering of the maximum rate from 45% to 35%. The purpose of lessening the maximum rate is to give bigger portion to tax payers so as to stimulate their interest in making investments.

The prevention of tax smuggling is reflected in the imposition of tax in fringe benefits which were previously free from tax.

**DEBT EQUITY RATIO :** The director general for taxation disclosed there were companies that had a debt equity ratio of 9 to 1, as the repayment of debts was regarded as their cost. The bigger the repayment of debts, the bigger the cost borne by the companies concerned that can be taken from their profits that are liable to tax, Salamun explained.

There are holding companies which also operate banks. If the banks invest their capital in the companies concerned, they will receive dividends, but if the banks extend credits, they will receive interest. Such a tactic is usually practised by foreign companies, including joint enterprises. But there will no longer be opportunity for such a practice, Salamun stressed.

With the issuance of the Decree of the Minister of Finance No.1002/1984, which stipulate a debt equity ratio of 3 : 1, interest can be included in the corporate cost only if it involves debts that are not more than three times as big as the capital of the companies concerned. If the debts of a company is six times as big as its capital, the calculation of tax is based on the debt equity ratio 3 : 1, he explained.

Concerning debt equity ratio of 3:1, the director general said there was an initiative to review it, especially for certain companies, such as those operating in the trade sector that need small capital but big debts. The review will possibly include the oil drilling sector, according to the director general.

**TAX PARDON :** Tax pardon constitutes part of the government efforts to bridge tax payers and the new taxation era, the director general stated. "We want to open a new page with a cleaner step based on openness and honesty, he said.

If a tax payer wants to be honest, it is clear that he will have to pay tax much bigger than that in the previous years. Therefore, tax pardon is given to tax payers.

INDONESIA

NORTH SUMATRA NOT SELF-SUFFICIENT IN FOOD

Jakarta PELITA in Indonesian 7 Dec 84 p 6

[Text] North Sumatra is still not self-sufficient in food. Drs H Subroto, head of the North Sumatra DOLOG [Logistical Depot], recently made this statement to the press at the North Sumatra regional office of the Department of Information.

Because of this, he said, in addition to North Sumatra's own production, DOLOG gets rice from other areas such as West Java, East Java, South Sulawesi and Central Java, through the ports of Sibolga and Belawan.

He said that rice procurements up to 20 November totalled 15,582.496 tons of unhusked rice and 35,445.409 tons of husked rice.

He calculated that food procurements were the equivalent of 45,574.031 tons of husked rice.

Food stocks managed by the North Sumatra DOLOG as of this moment are the equivalent of more than 110,138 tons of rice and are available in five areas--more than 79,038 tons in Medan and surroundings, more than 491 tons in Kabanjahe (Karo Region), more than 13,829 tons in the Pematang Siantar DOLOG subdistrict (Simalungun Region), more than 5,096 tons in the Sibolga DOLOG subdistrict (Central Tapanuli) and more than 1,554 tons in Gunung Sitoli (Nias).

This food supply is considered enough for North Sumatra's needs for 11 months, figuring an allocation of 11,500 tons of rice a month.

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CSO:4213/104

INDONESIA

PT BUKIT ASAM COAL PRODUCTION DOUBLES

Jakarta KOMPAS in Indonesian 7 Dec 84 p 12

[Text] Coal production of PT [Inc.] Bukit Asam (PTBA) in Tanjungenim, South Sumatra, has been 60,000 tons a month since last October. This means a 100 percent increase over the previous average monthly production of 29,400 tons.

Production has increased in order to fill the two railroad cars especially designed to carry coal provided each day by the PJKA [Railroad Service Company]. In October and November the PJKA transported about 12,000 tons of coal from Tanjungenim to Baturaja for the Baturaja cement plant (PTSB); the rest was taken to the Kertapati coal terminal. Some of that coal was exported and the rest is for domestic needs. This includes 30,000 tons taken by barge each month to Suralaya (Banten) for the Unit I steampowered electric generator (PLTU), which has a capacity of 400 megawatts.

Espandiartho, head of public relations for the South Sumatra PJKA, said that a task force consisting of people from PTBA, PJKA and PTSB has determined that the same amount as in November, 60,000 tons, would be transported in December. It has not yet been determined how much the PTBA will need to have transported from January on.

"At least 60,000 tons a month is certain, because new equipment added by the PTBA has increased production. If transportation needs are still greater, PJKA is ready," he said.

Last week 80 coal-carrying railroad cars of the KKBW [expansion unknown] series assembled at the Madiun railroad plant (INKA) arrived in South Sumatra. These cars, capable of carrying 52 tons each, will temporarily carry only 30 tons. "We have not yet completely finished increasing the rail axle stress to 18 tons," Espandiartho added.

9846  
CSO:4213/104

INDONESIA

CENTRAL JAVA SUGAR PRODUCTION REPORTED

Jakarta SUARA KARYA in Indonesian 7 Dec 84 p 3

[Text] Central Java's sugar production for the 1984 refining year has reached 3,254,697 quintals of crystalline sugar from a harvest of 48,306 hectares of sugarcane. This was stated by Sapuwan, SH [master of laws], head of the general office of the XV-XVI PTP [expansion unknown] before several reporters on Tuesday [4 December] at the Gondang Baru PG [sugar plant] in Klaten [Central Java].

He revealed that sugar production from the 15 sugar plants in Central Java had achieved 92.7 percent of the 3.5 million quintals targeted for the 1984 fiscal year.

The shortfall was due to the facts that the long dry season of 1982 was still affecting the size of the area planted and that the conversion rate was lower than expected.

The conversion rate target for the 1984 sugarcane harvest was 9.17 but the average conversion rate turned out to be only 8.72. This made production fail to reach the target.

In the TRI (Smallholders Sugarcane Intensification) area in Central Java production averaged 752 quintals per hectare.

Sapuwan, SH, said that there was no change in refined sugar production from 1983 to 1984 because production was 3.2 million quintals in 1983 and the conversion rate was higher than in 1984.

For the 1984-1985 planting season Central Java will have a TRI and a free smallholders' sugarcane area of 43,928 hectares. It is hoped that 1985 production will be on target.

Low Conversion Rate

The worst conversion rate--only 6.6--for 1984 sugar production was at the Kalibogor sugar plant in Purwokerto. TRI farmers in the area had to be given special consideration in repaying their loans. A conversion rate of only 6.6. means that the farmers would sustain a loss.

The highest conversion rate in the 1984 season--9.73--was at the Ceper Baru sugar plant in Klaten.

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CSO:4213/104

INDONESIA

1984 EXPORTS REPORTED UP

Jakarta HARIAN UMUM AB in Indonesian 6 Dec 84 p 1

[Text] Rachmat Saleh, minister of trade, stated on Tuesday [4 December] that exports in the first 9 months of 1984 had risen on the average 15.5 percent per month, compared with the monthly average in 1983.

Speaking before Commission VII of the DPR RI [Indonesian Parliament], Rachmat Saleh said that exports to the United States, Canada, Japan, the countries of the Middle East, North Africa (Algeria), India, Pakistan and Bangladesh rose in proportion to trade with those countries.

On the other hand, exports to MEE [European Economic Community] countries such as England, Holland, France, West Germany, Italy and so forth, had declined.

The value of nonoil exports for the 1983 calendar year was \$5 million, compared to \$4.338 million for the first 9 months of 1984. The average monthly figure for 1984 is thus 15.5 percent higher than the \$482,000 per month in 1983. "But it's still below the target," said Rachmat Saleh.

Nonoil exports to Japan for the first 6 months of 1984 rose 20 percent and in the last 6 months have been rising on the average 25 percent per month.

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CSO:4213/104

INDONESIA

PALM OIL EXPORT FIGURES

Jakarta BUSINESS NEWS in English 21 Dec 84 p 4

[Text]

The government is expected to maintain exports of palmoil, though the price of cooking oil in the country increases. The maintenance of palmoil exports is necessary to secure the continuation of palmoil supply from Indonesia into the world market, Ir. M. Badrun, production director of the Directorate General for Plantations, disclosed here recently.

Badrun pointed out that data on the growth of the world palmoil production & consumption had indicated increases in the past five years. He pointed to the average increase in the production & consumption of palmoil by 10 percent & 10.25 percent a year respectively. Thus the increase in the consumption of palmoil is 0.25 percent higher than the growth in the production.

By discontinuing palmoil exports to meet the need for that product in the country, Indonesia can lose export markets for its palmoil, according to Badrun.

Indonesia has so far been the second biggest producer of palmoil after Malaysia, but other oil producing countries have successfully raised their palmoil production. In 1982, the production of palmoil in Malaysia reached 3,050,000 tons, Indonesia 790,000 tons, China 112,000 tons, Papua New Guinea 50,000 tons. The total production of palmoil in the world in 1982 was 5,375,000 tons.

**EXPORT FROM :** The export of palmoil from INDONESIA Indonesia reached the peak in 1980, when it stood at 502,902 tons worth US\$ 255 million. The lowest export volume was recorded in 1981, when it fell to 196,361 tons; and the lowest export value was recorded in 1982, when it declined to US\$ 107 million. The export of palm kernels has also tended to drop as a result of the rising demand for vegetable oil in the country.

No exports of palmoil were recorded in the first semester of this year, because of the increase in the price of cooking oil in the country. The shipment of palmoil from Indonesia for this year began in August. The export of palmoil in August was 20,000, while the planned export of palmoil this year has been fixed at 100,000 tons.

The production of coconut oil in Indonesia has not been developed as expected. The expansion of coconut plantations in Pelita III (1979/80 - 1983/84) averaged only around 3.9 percent a year, while the growth of the coconut oil production reached around 0.1 percent, still far below the target of 3.9 percent. To meet the demand for cooking oil and vegetable oil, the procurement of palmoil and palm kernels is intensified.

The export volume and value of palm oil and palm kernels in Pelita III is as listed below : (value in million US\$)

Year	Palmoil		Palm kernels	
	Volume (000 ton)	Value	Volume (000 ton)	Value
1979	351	204	31	11
1980	503	255	32	8
1981	196	107	24	5
1982	259	64	6	1
1983*	323	102	14	3

Note: \*) Provisional figures.

Source : Weekly Report of Bank Indonesia in May 1984.



The production of palmoil in palm-oil producing countries from 1978 to 1982 is as follows : (in thousands of tons)

Producers	1978	1979	1980	1981	1982
Malaysia	1,786	2,189	2,573	1,822	3,050
Indonesia	525	600	691	722	790
China	87	93	100	106	112
PNG	30	36	39	45	50
Other countries	-	-	-	-	-
Total	3,713	4,182	4,706	4,990	5,375

CSO: 4200/398

INDONESIA

1985/1986 SUGAR OUTPUT PROJECTION

Jakarta BUSINESS NEWS in English 21 Dec 84 p 9

[Text]

Sugarcane plantations handled under the smallholders intensification program (TRI) in Java is projected to cover 242,000 ha in the 1985/86 planting season, with sugarcane production estimated at 20,022,282 tons and sugar production projected at 1,812,304 tons. Thus the productivity of the sugarcane plantation is expected to reach 82.7 tons of sugarcane per ha and 7.49 tons of sugar per ha.

The target of sugarcane plantations to be handled under the TRI scheme in North Sumatra has been set at 1,000 ha, with sugarcane and sugar production respectively projected at 70,080 tons and 5,256 tons. The projection of sugarcane plantations to be included in the TRI scheme is determined based on the Decree of the Minister of Agriculture/Head of the Bimas Development Program No. 16/SK/Mentan/XII/1984.

The projection of the implementation of the TRI scheme on sugarcane plantations in the 1984/85 planting season is 253,000 ha all in Java. No sugarcane plantations outside Java developed under the TRI scheme in the current 1984/85 fiscal year. The production of sugarcane and sugar from sugarcane plantations managed un

der the TRI scheme in 1984/85 is respectively projected at 19,445,000 tons and 1,677,000 tons.

The package of credits to be given to sugarcane growers under the TRI program in the 1985/86 planting season will generally be increased. The guidance for the realization of the TRI program in the 1985/86 planting season will not be much different from that used in the current 1984/85 planting season.

CSO: 4200/398

INDONESIA

PROJECTED TEAKWOOD OUTPUT, EXPORTS

Jakarta BUSINESS NEWS in English 21 Dec 84 p 6

[Text]

The export of processed teakwood from Java next year is projected at about 33,000 m3 worth Rp 26,938 billion, much smaller than the projection of processed teakwood to be provided for domestic supply in 1985.

The production of teakwood by Perum Perhutani, state-run forestry public corporation, is estimated to reach 728,651 m3 in 1985 and the stock of teakwood belonging to the public corporation in 1985 is expected to reach 851,436 m3.

The direct sale of teakwood in the country by the public corporation is estimated to reach 15,800 m3 in 1985, while the domestic sale based on contracts and the auction of teakwood by the public corporation in the same year are respectively projected at 38,200 m3 and 497,000 m3. Perhutani also provides teakwood for its timber processing industry.

The earnings of Perhutani from the domestic sale of teakwood in 1985 are expected to reach Rp 79,577 billion. Its earning from the processing of teakwood next year is estimated at about Rp 1,564 billion.

CSO: 4200/398

INDONESIA

PROJECTED EXPORTS OF INDUSTRIAL COMMODITIES

Jakarta BUSINESS NEWS in English 21 Dec 84 p 10

[Text]

Indonesia's exports of various industrial commodities in 1984 is projected at US\$ 3.4 billion, comprising US\$ 2,592,560,210 from the sub-sector of multifarious industries, US\$ 188,609,857 from the sub-sector of basic chemical industries, US\$ 479,632,051 from the sub-sector of machinery and metal industries and US\$ 213,318,570 from the sub-sector of small industries.

The projection made by the Industry Department for 1984 is higher than the realization of exports in 1983, which reached US\$ 2,683,886,790. The main producer of foreign exchange earnings in the industrial sector in 1983 and 1984 comprises the products of multifarious manufacturing industries, such as plywood, crumb rubber, sawn timber, garments, frozen shrimps, aluminium ingot and integrated circuit.

Indonesia's exports of industrial commodities in 1985 and 1986 are respectively projected by the Industry Department at US\$ 4,048,896,968 and US\$ 4,575,092,927.

The projected US\$ 4,048,896,968 for 1985 consists of US\$ 2,974,091,973 from the sub-sector of multifarious manufacturing industries, US\$ 286,610,704 from the sub-sector of basic chemical industries,

US\$ 562,892,631 from the sub-sector of machinery and metal industries and US\$. 225,301,660 from the sub-sector of small industries.

The projection of US\$ 4,575,092,927 made for 1986 is composed of US\$. 3,302,850,060 from the sub-sector of multifarious manufacturing industries, US\$. 344,107,986 from the sub-sector of basic chemical industries, US\$ 681,256,021 from the sub-sector of machinery and basic metal industries and US\$ 246,878,860 from the sub-sector of small industries.

CSO: 4200/398

INDONESIA

# SUHARTO INAUGURATES PORT, CALLS FOR LOWER SHIPPING RATES

Jakarta BUSINESS NEWS in English 21 Dec 84 p 3

[Text]

President Soeharto has stressed the need to step up working efficiency and operations of seaports to lower the tariff of shipment which is now still relatively far higher than that in other countries.

The Head of Government said further when commissioning the Pulau Baai harbour in Bengkulu Thursday that the high rate of shipment had made Indonesian products less competitive on the international market compared with similar products from other countries. It is a challenge for the institutions concerned to solve such a problem, the President revealed.

Seaports have for a long time been functioning as not only gateways for the transport of goods as well as passengers, but also as a means to support the growth of trade and culture in the community, he said. Despite the application of technology in transportation by air, sea transport still plays a crucial role in the world economic life and economic life among nations, as sea transport is relatively cheap and secured for the transport of large number of people and big volume of goods.

The result of port development now being undertaken in the country has appeared with the smooth and increasing flow of goods that can secure the stability of prices, the President continued. He

also pointed to the expansion of regular transport services to isolated and remote areas.

The smooth communications between areas in the country will not only boost economic development and development of other sectors, but also give opportunity to those living in isolated and remote areas to enjoy the proceeds of development, he stated.

With the completion and operation of the Pulau Baai harbour, the Bengkulu province will have greater opportunity to make much progress, the President said, adding that the province had shown much achievement in the past several years.

Apart from that, the operation of the Pulau Baai harbour, which will be supported by new roads along the coast, is expected to stimulate business and development activities in the western coastal areas of Sumatra.

The Head of State pointed to the importance of drawing experiences from the development of the Pulau Baai port from a coastal resort to an ocean harbour. Such experiences constitute very valuable capital for the setting up of other harbours in various part of the country in the future, he said.

CSO: 4200/398



LAOS

#### STUDENTS EXHORTED TO ACCEPT WORK ASSIGNMENTS

Vientiane SUKSA MAI in Lao Aug 84 pp 1, 15

[August 84 p 1]

[Text] Presently, many different schools throughout the country prepare to summarize their work and officially end training temporarily. Each school has raced to conclude satisfactorily. Concurrently, several Lao students, who just finished their studies abroad, are coming back to serve their beloved country.

The students in their last year of school, who have passed their exams especially in the special skills, have been given assignments by the organization to do the work according to the specialized tasks and skills they have learned, and most importantly, according to the need of the country. Another group of students from different regular schools will be exhorted to study different specialized skills, to do the real work in the offices, abroad according to the plan. During this exhortation, the main idea is to build a foundation because the foundation is the basis. It is the source organization for making the state party policies a reality.

[August 84 p 15]

[Text] When seeing the importance and the need, we young students, have to decide to volunteer following the exhortation of the organization absolutely and happily. We realize that we have been formed, and trained with the aid of the state's funds. The intention is to serve the country, using the custom the knowledge and capability to serve in the production, the defense and public security and building socialism, accomplishing the socialist revolutionary in our country successfully, and bringing the whole healthfulness to the people of all races. During the stage of changing directions and building the framework, we will receive a very expensive lesson. We will train and form ourselves to become a new person a very free socialist. We will fully utilize our knowledge and capability. We will follow with the real status of the living standard. We will see clearly the poverty and well-being of the working people of different ethnic groups by achieving the objectives of the third major meeting of the Lao people's Revolutionary Party. The 6th resolution of the 3d Session of the Party Central Committee, in order to

develop and expand the resolution of the first big meeting of the Youth Union all over the country, we have to go wherever we are needed when the work calls. We will follow the slogan that says "wherever it is difficult the youth will fight, wherever it is poor the youth will cross, wherever the country needs them the youth will volunteer". We have to turn ourselves into the production, taking part in producing 1.3 million tons of rice all over the country in 1984, and to produce 2.5 tons or more in 1 hectare. We will use the imparted scientific knowledge in the production, take part in building the culture of a pure and clean rooted living, participate in the national defense, put the public security on a strong basis, and make the rural areas as civilized as the city.

As for the teachers on instructors who just graduated from pedagogical school, this pedagogical school will be more exemplary for fulfilling the concept of the party saying "Teachers are the Party's people." We must all loudly support the school which is our socialist fortress, we must develop and make strong in every way the school which is the tool of the proletarian dictatorship, as the parents the people and young students longed for.

As for the students who freshly completed their studies abroad, they have to carefully humble themselves to learn and keep control of the difficult and complex situation occurring during the first steps of the era of transition towards socialism. They must have a high sense of precaution about the enemy's psychological propaganda. They must believe in the party, as well as the state and the way and Policy of the party, adjust themselves with the reality, be close to the masses, learn from the masses, and happily accomplish the tasks according to the exhortation and with trust towards the organization. When we are all unified to fulfill the plan of the exhortation of the state's wheel of organization, we not only strengthen the basic step, but we will also function smoothly. We will be able to take part in protecting the country and successfully build socialism in our country, to encourage the production, to improve the living standards of the population step by step, to fight the enemies, to protect peace, to develop and build the base, but at the same time we will construct and measure ourselves stronger at each step and to score achievements to receive 2 historical days, to facilitate educational work for the school years 1984-1985 for better results.

12753

CSO: 4206/48

LAOS

TEACHERS ORDERED TO STUDY PARTY RESOLUTION 33

Vientiane SUKSA MAI in Lao Aug 84 pp 1, 10, 11, 14

[August 84, p 1]

[Excerpt] Order: To all the provincial committee, the capitals of the country, heads of the schools' boards of directors under the Ministry of National Education.

Subject: Commencement of the Party meeting for the school years 1983-84, in order to improve the politics and specialized tasks for teachers and instructors at all levels in the country.

In order to, strongly continue to expand the resolutions of the Party's 3d big meeting, especially the resolutions of the 5th and of the 3d sessions of the Central Committee of the LPRP, and the resolution of the Party's Central Committee regarding the educational work during the new period of the Lao revolution. In order to censor and evaluate the results of the performance of the educational plan of the years 1983-1984 of the Ministry of National Education, of the regions and one's own department fully and in every way, and to stipulate the direction of the plan, to measure the expectation in order to fight and fulfill correctly in the coming years. At the same time, to emphasize correction of weaknesses from the past year and reinforce and encourage the revolutionary spirit of all the teachers and instructors cadres. In order to compete to accomplish the tasks in the school years 1984-1985 victoriously.

[August 84, p 10]

[Excerpt] The Minister of the Ministry of National Education has thus ordered all the provincial committees, the capitals, and all the schools' boards of directors from everywhere under the Ministry of National Education, to join the Party Committee, the provincial administrative committee, and the district administrative committee in order to organize and supervise the opening of the Party's meeting ending the school years 1983-1984 at their own provincial, district and school level. This Party's meeting ending the school years 1983-1984 is the continuation of changing the directions into the framework, emphasizing the development and expansion of the foundation for progressive education.

[August 84, p 11]

[Excerpt] II. The Contents of the Meeting: 1) Research and study resolution 5 of the 3d session of the Party Central Committee (if any educational section or school not yet studied it). 2) Research and study resolution No 33 of the department of political affairs regarding the increase of the special kind of solidarity (if any educational section or school not yet studied it). 3) The summary of the school years 1983-1984 of the educational work, the summary of the school years 1983-1984 of their own province, district or schools. 4) The plans for educational development in the school years 1983-1985. 5) Supplementary document for babysitters and kindergarten teachers. This document has a strong emphasis on supplying the teachers who teach this real specialized task. 6) The document regarding the rules of elementary, secondary and upper secondary facilities. 7) The document on the methods of teaching literature, elementary mathematics, elementary and secondary history, secondary and upper secondary mathematics. (This document has a strong emphasis on supplying teachers who teach these specialized task). 8) The document regarding the ways and methods of concluding and gathering all the educational work including the lessons of the real performance.

### III. Methods of Organizing and Fulfillments

The party's final meeting this school year emphasizes fulfilling resolution No 41 of the Party central's department of political affairs regarding the change in directions and building the framework, therefore the provincial meeting is considered important, the district and the school as the base, by emphasizing on the elementary level.

#### 1) The Provincial meeting

The Ministry of National Education appointed a group of cadres to supervise and implement the resolutions of the meeting in the province, district, or the schools, by having the educational committee of the province to prepare all the conditions for opening the meeting, by being under the direct supervision of the provincial committee.

The provincial meeting is intended for the representatives of the committee of provincial education department, technical cadres from different branches of the district administrative committee of the education department and the district educational committee, the school boards of directors committee surrounding the district, the boards of directors committee of elementary, secondary and upper secondary schools, supplementary education, the cantons educational committee, and a group of teachers who have scored the best achievements.

--The number of representatives can be few or many depending on the decision of the real situation of the province, but they have to calculate the number of cadres who will attend this meeting. This meeting will be the course of study for the meeting at the district level and the framework.

## 2) The District Meeting:

--The district meeting concerns the number of cadres who have attended the provincial meeting to support the real condition of their own district with the complete resolutions of the meeting. They will adjust to the real condition of the district by being the ring leader of the district educational committee, under the supervision of the provincial educational committee, having the district standing committee as president of the meeting.

[August 84, p 14]

### [Excerpt] The District Meeting Is Intended For:

The district educational committee, the school committee under the district education, the cantons educational committee and all the teachers and instructors throughout the district. The representative of the Lao People's revolutionary Parents-students and the education support association.

3) The meeting at the basis level of the school surrounding the district will be held by the district educational committee under the supervision of the district administrative committee. The teachers and instructors from every school can choose to meet at one school or their own school depending on their actual situations, so they can successfully organize the meeting according to the plan and as predicted.

## 4) For All the School Under the Ministry of National Education:

The school that are under the Ministry of National Education in different provinces, will have to open a separate meeting under the supervision of their own district educational and administrative committee.

## III. The Preparation of the Conditions and Duration of the Meeting

In order to fulfill this order with a good result, the committee should pay attention to some of the following problems:

### 1) The Preparation:

--After receiving this order, the provincial educational committee must present it to the provincial standing committee and inform the cadres of all departments and organizations involved with the district so they can cooperate in holding the meeting and they can appoint the committee responsible for the meeting.

--Prepare the place and the representatives who will attend the meeting in order to estimate the rations, transportation and necessary equipment and other conditions such as: transportation, public security, hygienic and other works.

--The provincial education committee, the district education join the organizational committee, the propaganda training committee and the district level to prepare the political documents (Resolution of the 3d session of the Party Central and the resolution No 33 dated 9 April 1983 of the Party Central's department of political affairs) in order to proceed the training for the teachers and to make the meeting work smoothly.

## 2. Estimated Time for the Meeting

The process of the Party meeting ending the school year of all levels should be completed within the months July and August 1984.

The provincial meeting should start on 23 July 1984 and should be completed on 28 July 1984.

The meeting for the districts and the basic schools throughout the country should start on 13 August 1984 and should be completed on 25 August 1984.

## 3. The Meeting for Different Schools Surrounding the Ministry

In order to make the meeting for the schools and factories surrounding the Ministry successful, the Ministry will appoint one responsible committee to supervise directly. The meeting might commence before the time mentioned above, depending on the actual situation, but it has to be completed before the 25 August 1984. The teachers can either gather to meet at one place or they can open their meeting in their own areas. The details on this will be given by the responsible committee of the joint meeting and the school's board of directors committee. They will research and fulfill the task under the direct supervision of the Minister.

After achieving the meeting completely, different school's board of directors committee will conclude and evaluate all the achievements, the strength and weaknesses and report to the Ministry of National Education before 30 September 1984.

After receiving this order, do start the research strictly. If there is any problems, difficulties during the work do report immediately to the Ministry of National Education, so they will know and find the way to solve the problems.

Vientiane, 21 June 1984.

Deputy Minister of the Ministry of National Education

Bountiam Phitsamay

12753

CSO: 4206/48



MALAYSIA

VOPM ON GOVERNMENT'S 1985 BUDGET

Part I

BK111203 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT  
9 Jan 85

[Part One of "News Commentary": "The Kuala Lumpur Regime's 1985 Budget"]

[Summary] "The Kuala Lumpur regime's 1985 budget was announced on 19 October. An important feature of the budget announced by new finance minister, Daim Zainuddin, is a large-scale reduction of the tax rates for the rich. The maximum tax rate has been reduced from 55 percent to 40 percent. The ceiling on the tax exemption on inherited property has been increased from 600,000 ringgit to 2 million ringgit. The 11 tax rate has been reduced to only two--namely 5 percent for inherited property worth 2 million ringgit to 4 million ringgit and 10 percent for inherited property worth over 4 million ringgit. Moreover, the amount subject to the 5 percent excess profits tax percent has been raised from 100,000 ringgit to 300,000 ringgit. In short, higher-income taxpayers can save more under the new taxation system."

The rich and industrial and business groups welcomed the new budget by describing it as constructive and encouraging. Conversely, the broad masses, who have been affected by the economic recession and inflation, complained everywhere. Opposition parties, trade unions, and consumers' associations said that the budget will widen the gap between the rich and the poor.

The 1985 budget was announced as the Kuala Lumpur regime was facing a serious financial and economic crisis. In the last few years, the Kuala Lumpur regime's budget have recorded considerable deficits. The regime's debts have further increased. Its balance of payments has recorded an increasing deficit. Prior to the announcement of the 1985 budget, the exchange rate of ringgit had dropped sharply on the international market.

The Kuala Lumpur regime had to consider a new strategy to overcome its economic difficulties arising from the adoption of capitalism in the country. Following the steps of Western capitalist countries, the Mahathir regime has shouted to reduce public expenditures, privatize several government agencies, encourage private domestic and foreign investments, make the private sector the main force in the economic field, and so on. "A reduction in the tax rates under this budget reflects the implementation of the new strategy. Government officials have revealed that the Kuala Lumpur regime is still far behind

neighboring countries like Singapore, Indonesia, and others in drawing foreign investments. One of the Kuala Lumpur regime's goals in reducing taxes on the capitalists is to compete with neighboring countries in attracting foreign investments so as to (?alleviate) and overcome difficult economic conditions by reliance on the foreign capitalists."

## Part II

BK131620 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT  
12 Jan 85

[Second and concluding part of "News Commentary": "The Kuala Lumpur Regime's 1985 Budget"]

[Summary from poor reception] Will industrialists and businessmen increase their capital investment in view of the revision of the Mahathir regime's taxation system? Will their investment promote economic growth and create more job opportunities? Looking at the growth of capital investment for the past few years, we can say that investment does not have a very bright future. First, economic theory supports the hypothesis that capital gained from profit will be invested in trade and industrial sectors, but this has no strong basis because people, especially rich ones, believe that in 1985, a profit of about 327 million ringgit will be gained by the regime from the imposition of the new taxation system.

"An economist from the University of Malaysia pointed out that a hypothesis stating that reduction of tax will encourage investment is actually misleading, while research has shown that in Malaysia, people's saving rate is higher than investment rate. He pointed out that lack of capital was not the current problem. The main problem is whether investment opportunities in our country can attract investors. In fact, under an economic recession, industrialists in Malaysia are not interested in investing more capital. This economist believes that due to various unfavorable factors, such as high U.S. interest rates and instability of Malaysian currency, and profit gained from reduction of tax will flow overseas because overseas investment will bring about more profit."

Second, whether the capitalists will invest their capital in the country also depends on other factors. Since the launching of the New Economic Policy, bureaucratic capitalists have competed among themselves in making profit, while government agencies have passed various regulations for interfering in the investment efforts of the Chinese and Indian people in the country. Miscellaneous agencies have been established resulting in increased bureaucratic and corrupt practices. All these have been unfavorable for domestic investors. Under such a situation, a great deal of overseas capital flight has taken place. It is reported that the investment rate of the private sector has declined with



each passing year--in 1984, investment growth was recorded at only 3 percent while in 1985 it is predicted that it will reach [figure indistinct] percent. The Mahathir regime is highly concerned about this development, especially in connection with its plan to privatize government agencies and boost the private sector's investment.

"During the past few years, the Mahathir regime had to reduce its budget due to heavy debts and a serious economic crisis. In spite of this, the state budget is still high from year to year, while new deficits occur. The 1985 budget expenditure stood at 29,191,000,000 ringgit, representing a 5 percent increase from that of 1984, 74 percent of which, or 21,538,000,000 ringgit, will be used for routine expenditure, while 26 percent, or 7,653,000,000 ringgit, will be used for development expenditure."

"State revenue from taxes in 1985 is expected to reach 21,873,000,000 ringgit, meaning to say the regime will suffer a deficit of 3,314,000,000 ringgit at the end of 1985."

Mahathir and his clique have repeatedly preached that the government will seriously implement austerity measures to reduce the state budget and loans, but why has the state budget never been reduced? The reason is the state has to pay more for the salaries of the growing number of civil servants and military personnel. Routine expenditure for 1985 has experienced a 13 percent increase, or 2.5 billion ringgit, from that of 1984. Another reason is that while the actual salaries of these people are not very high, dishonest and corrupt practices as well as waste of state funds are rampant.

"In 1984, 58 cents of every ringgit was used for repaying debts. Under such a circumstance, the Mahathir regime was trying hard to reduce its trade deficit and foreign loans, while making more efforts to sell oil and liquified natural gas to extricate itself from the economic crisis. The regime also imposed various kinds of taxes on the masses.

"The Kuala Lumpur regime does not want to utilize the country's natural resources for promoting public welfare and instead plunders them for its own interests. People throughout the country ought to strongly criticize this action."

Instead of reducing sales tax and other burdensome taxes, the Kuala Lumpur regime has announced in its 1985 budget policy statement that income, property, and value added taxes will be increased. Besides, road tax for motor cycles and private cars, registration fees for new cars and change of car ownership, and import tax for cars will also be levied.

What is noteworthy is that those who will benefit from the introduction of the new taxation system, such as income tax, are the rich people, while those who have to pay road tax for motorcycles and other taxes are the low and middle class people. The regime's policy is actually aimed at assisting rich people and destroying the poor. Therefore, it is not surprising that Johor Baharu citizens organized a demonstration opposing the 1985 budget.

During the past 3 years, import tax for cars has continuously been raised to protect the so-called national car, which will be marketed in 1985. In the

past, no import duty was levied on preassembled cars, but in 1983, a 15 percent import duty was imposed. In 1984, the import duty was 30 percent, while this year it will be 40 percent. At present, a middle income citizen will have to pay more than 1,000 ringgit for various taxes if he wishes to buy a 1,300 cc car.

While the increasing cost of assembling imported cars will benefit bureaucratic capitalist agencies who produce the so-called national car and monopolize the car market, the majority of people will be hard hit by the soaring cost of car production imposed on their shoulders.

Another aspect of the 1985 budget worth discussing is the revision of child allowance tax relief. In contrast to past regulations, the 1985 budget stipulates that tax relief for the first child is 650 ringgit, 750 ringgit for a second child, and 800 ringgit for a third to fifth child. According to the finance minister, this policy is aimed at boosting population growth to 70 million, but many people have ridiculed this new policy. Many parents have pointed out that they will not have more children just for the sake of gaining tax relief. What they consider most in the minds are their children's education, medical facilities, job opportunities, and others. The campaign to advocate big families will only result in more poor families in our country and aggravate the current poverty problem.

"The majority of people can clearly see that the 1985 budget serves the rich people's interests while imposing a heavy tax on the vast people from the low and middle class. The regime will continue to plunder the national resources, oppress the vast working class people, and protect the interests of comprador bureaucratic capitalists. It is not surprising, therefore, that the 1985 budget is dubbed as the rich men's budget which deepens the gap between the rich and poor. It is natural that the masses oppose and challenge it."

CSO: 4213/112

MALAYSIA

BRIEFS

**SURVEY ALONG THAI BORDER**--Survey work along the Thai-Malaysian border to review the existing boundary is now 75 percent completed. The survey, which began in 1973, is being conducted jointly by the survey departments of the two countries. Malaysia's director general of the Department of National Land Survey and Mapping, Mr Abdulmajid Mohammad, said the survey was scheduled for completion by the middle of 1986. He said this is the first revision attempted by both countries since the first survey conducted by the British Government in 1909 under the Anglo-Siamese treaty. Mr Abdulmajid said Malaysia and Thailand felt it is necessary to review the existing boundary in order to determine the exact land area of both countries for future socioeconomic development as well as for political and security reasons. [Excerpt] [Kuala Lumpur International Service in English 0800 GMT 17 Jan 85 BK]

**INJUNCTIONS AGAINST FORMER BMF CHAIRMAN**--The Kuala Lumpur High Court has granted two interlocutory injunctions against former Bumiputera Malaysia Finance [BMF] Chairman Lorrain Osman, restraining him from disposing of his property. The injunctions were granted by Justice Datuk Zakaria Yatim in summons-in-chamber applications made by Bank Bumiputera and BMF. The interlocutory injunctions restrain Encik Lorrain, his servants, agents, or nominees from disposing his assets or assets held in names of companies controlled by him. The injunctions also prevent him from removing all money, held in his accounts in several banks. The court has also ordered Encik Lorrain to disclose the value, nature, and whereabouts of his assets within 7 days service of the country's order. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 17 Jan 85 BK]

**MALDIVES MINISTER VISITS**--The Maldives hopes that Malaysia can train more of its armed personnel in the country. Its Minister of Trade Mr Ilyas Ibrahim told newsmen at the end of his 3-day visit to Kuala Lumpur that the training provided by Malaysia for its pioneer batch of officers has been found to be very useful. He also said it is his intention that Malaysia's proposed investment program in the Maldives can be expedited. At present the Malaysian Overseas Investment Corporation is carrying out feasibility studies to look into the possibility of investing in fishery, inter-island transport and tourism in that country. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 19 Jan 85 BK]

**BMF OFFICIALS ASSETS FROZEN**--The Kuala Lumpur high court has issued temporary injunctions prohibiting two former directors of Bumiputra Malaysia Finance Limited (BMF), Datuk Mohamad Hashim Shamsudin and Dr Rais Saniman, from disposing of their assets. The injunctions were issued by Justice Dr Zakaria Mohamad Yatim on the application of Bank Bumiputra Malaysia Berhad and its subsidiary, BMF. The high court also allowed Bank Bumiputra to freeze the bank's current accounts and others belonging to Datuk Mohamad Hashim, Dr Rais, and former BMF General Manager Ibrahim Jaafar until the hearing date or until further notice. The court also ordered the three of them to declare the value, nature, and whereabouts of their assets registered under either their names or the companies that they authorized or directed. [Text] [Kuala Lumpur Domestic Service in Malay 1230 GMT 18 Jan 85 BK]

CSO: 4213/121

NEW ZEALAND

LANGE CONFIDENT U.S. WILL RESPECT WELLINGTON NUCLEAR POLICY

Perth THE WEST AUSTRALIAN in English 18 Dec 84 p 7

[Text] Wellington, Mon--The United States will not ask New Zealand to accept port visits from nuclear warships, the NZ Prime Minister Mr Lange said today.

He told a news conference that he believed that the U.S. would not request port facilities for nuclear-powered or nuclear-armed ships "because they won't want to be rebuffed."

But informed sources believe the U.S. will ask the New Zealand Government for port facilities for one of its ships taking part in the Anzus Sea Eagle naval exercises in the Tasman Sea in February.

Routine

Mr Lange indicated today that a note from the U.S. last week was a routine application for clearance for visiting ships, expected to be followed some time in the next few weeks by an application for a specific visit.

Mr Lange said the Cabinet would consider any request for a specific visit at its January 17 meeting.

Despite Mr Lange's statement today, well-placed sources say that the request could deepen the five-month-old disagreement between Washington and Wellington because virtually any warship in the U.S. Pacific fleet can carry nuclear arms.

Vital

The U.S. has repeatedly said that it would neither confirm nor deny the presence of nuclear weapons on board its ships. It has also said that access for its ships to New Zealand ports was vital to the continuation of the Anzus defence pact.

Mr Lange said a ship would only be allowed in if the Government was satisfied that it was not carrying nuclear weapons.

"The policy will not be compromised," he said.

"If I am not satisfied about that, the vessel will not come.

"If I am satisfied that that vessel conforms with our policy then it will come."

Mr Lange said he believed the United States Government would not engage in any "needless, pointless, provocative incident."

"There is no point in bringing the matter to a head when there is an Anzus round in July," he said.--APP

CSO: 4200/394

NEW ZEALAND

WESTERN UNITY, NUCLEAR ROLE IN LANGE-NAKASONE TALKS

EK190919 Melbourne Overseas Service in English 0500 GMT 19 Jan 85

[Text] Japan and New Zealand have agreed on the need to strengthen the unity of the Western bloc, but Wellington has refused to take on a nuclear role.

The agreement on Western unity came in a meeting yesterday between the prime minister of Japan, Mr Nakasone, and his New Zealand counterpart, Mr Lange.

A Japanese spokesman said the New Zealand leader reiterated his government's policy of not taking a nuclear role in the power balance between East and West.

Mr Lange had explained to Mr Nakasone the idea of nuclear-free zone in the South Pacific promoted by the South Pacific Forum. The forum was working on a draft treaty to be presented to the United Nations later this year.

The Japanese spokesman said Mr Nakasone and Mr Lange also agreed to promote Pacific cooperation by helping the initiatives of the Association of South-east Asian Nations, ASEAN, and other developing nations in the area.

The two leaders agreed that Pacific cooperation should be limited to economic, cultural, and social fields and should not form an exclusive bloc.

CSO: 4200/423



NEW ZEALAND

POLL FINDS FEW FEAR THREAT FROM FOREIGN POWER

Auckland THE NEW ZEALAND HERALD in English 17 Dec 84 p 5

[Text] Most Aucklanders do not believe New Zealand is threatened by any foreign power, according to a survey taken under the auspices of the Auckland University sociology department.

Of the minority who do think there is a threat, most name the Soviet Union, the United States or both.

And while almost 70 percent felt there was no likelihood of nuclear war in the next five years, an overwhelming 85 percent believed New Zealand would be affected if one occurred.

The survey, into peace and foreign affairs issues, was done by a team of four led by Dr Charles Crothers, a sociology lecturer.

More than 300 Aucklanders were interviewed by telephone, their numbers chosen by random probability methods similar to those used by professional survey companies.

The sample size was about 100 fewer than the number of Aucklanders interviewed in a typical nationwide New Zealand Herald-National Research Bureau poll.

However, to compensate for sample size, as well as for an inbuilt bias in telephone polls, Dr Crothers' team used a margin of error of plus-or-minus 5.5 percent, compared with the 2 percent of the Herald-NRB poll.

Asked whether any country was likely to threaten New Zealand, 59 percent said no, 33 percent said yes, and 8 percent were unsure.

Of those who believed New Zealand was threatened, 36 percent said the threat came from Russia, 19 percent cited the United States and 7 percent said both countries were the threat.

A further 10 percent saw Southeast Asia as a potential threat and 8 percent named Japan.



The survey looked at many other issues related to defence, foreign affairs and war and peace.

In particular, one section asked about attitudes to the activities of the peace movement and groups opposed to nuclear weapons.

Respondents voiced strong approval of activities such as signing petitions (79 percent approved), writing letters (82 percent), and joining peace groups (74 percent).

But the poll also highlighted public disapproval of other actions such as picketing (57 percent disapproval) and harbour protests against visiting warships (62 percent).

On the issue of Anzus, 34 percent said the alliance should be strengthened, 25 percent said it should be maintained as now, 16 percent felt it should be weakened and 5 percent said New Zealand should withdraw.

There was strong support for strengthening military ties with Australia (50 percent) and very high support (81 percent) for strengthening economic links with Australia.

The poll sought Aucklanders' views on foreign aid.

Thirty percent said this country should increase its annual aid of some \$80 million, 34 percent wanted it continued at that level and 27 percent wanted it cut.

Asked what type of country aid should go to, 22 percent said to underdeveloped countries, 19 percent said to Africa, 17 percent to the Pacific and 13 percent said aid should be given for emergencies.

Respondents were also asked where they got most of their information on New Zealand and world issues.

Newspapers were cited by 44 percent as the main source, television by 33 percent and radio by 15 percent.

CSO: 4200/394

NEW ZEALAND

EDITORIALS OPPOSE LABOR PARTY ANZUS POLICY

Labor Quandary

Auckland THE NEW ZEALAND HERALD in English 17 Dec 84 p 6

[Editorial: Awaiting Some Anzus Letout"]

[Text] In a note delivered to the Minister of Foreign Affairs, the United States Government has advised that it will soon present a list of proposed visits to New Zealand by nuclear ships. Irrespective of the contents which have not been disclosed in detail, the diplomatic communication seems to have been an unusually courteous gesture.

For one thing, Washington did not really need to give warning of the fateful schedule it is soon to render; New Zealanders have known for a long time that such a document was to be expected. For another, Mr Lange's recent reference to Mr Henry Kissinger and Mr Malcolm Fraser--who are to consider the future of Anzus--as "relics of, to be charitable, the 1940s" hardly invited such United States civility.

That Washington displays this consideration and restraint probably indicates its awareness of the quandary in which the New Zealand Government now finds itself, and its anxiety not to exacerbate that dilemma. But American patience is not inexhaustible.

Having watched the Labour Party sail into office on a promise of an anti-nuclear policy, the United States now serves warning that its next act will be the firing of a shot across the New Zealand Government's bow, a shot in the form of a list of visits by nuclear-powered and presumably nuclear-armed vessels that it proposes to make in pursuit of the Anzus alliance.

Within Labour ranks, the call should be to action stations. However, there is little evidence that the Lange Government has any greater idea now of what action it should take than it had when it was first elected. It wants to retain the Anzus affiliation without fulfilling the obligations of that association, an attitude quite unacceptable to the United States and Australia.

However, nearly three weeks ago the Minister of Defence hinted that some way of avoiding "total stalemate" over the visit of United States ships was being considered. A week later he declared that a way out of the apparent impasse existed, although he declined to give details. It was under close consideration by the Government, he said, and he was sure it was under consideration by Washington.

If a "way out" really does exist, it is time for Mr O'Flynn to disclose it, for therein lie feelings of immense relief for both the Labour Party and the public at large.

#### Nuclear Policy Becoming Bipartisan

Wellington THE EVENING POST in English 19 Dec 84 p 4

[Editorial: "Anzus Problems Still Unsolved"]

[Text] The Labour Government's problems with Anzus go back a long time and nothing that has happened with the ships visit notice this week suggests that those problems are close to being resolved. Our being allowed to continue in Anzus on our own terms still depends on the patience of the United States and Australia.

The Prime Minister and Minister of Foreign Affairs, Mr Lange, has a difficult series of choices to make because it is clear to most people and certainly to our allies, that if you belong to a club then you have to abide by its rules. And the Anzus rules which have been restated over the years require the partners to welcome nuclear ship visits.

This requirement is acceptable to a majority of New Zealanders, as a recent poll showed. What that poll also showed is that the presence of nuclear weapons is unacceptable.

But whatever the position of a majority of New Zealanders the presence of nuclear-powered ships here is not acceptable to the Labour Party. This means that in terms of Government policy there can be no soft options like the Nordic one, which although heralded by Ms Helen Clark, the chairman of the parliamentary select committee on foreign affairs, does allow American nuclear-powered and armed warships in Nordic ports. The host government assumes any weapons on board are in transit and therefore not based in the country itself.

Maybe given time and goodwill a similar policy could have been worked out for New Zealand but it is problematical because National Party officials report in meetings around the country that they run into deep resistance, among their younger members particularly, to any nuclear weapons being in New Zealand. So, even if our resistance to nuclear propulsion comes largely from one side of the political spectrum and may have an anti-American quality to it, the objection to weapons has a seemingly bipartisan base and could not be lightly negotiated away.

The words parochial and naive seem to be springing to our allies' lips on this issue because Mr Lange is also getting clear messages from the community that New Zealanders as a whole do not want either to pull out of Anzus or to pull their weight within the alliance.

The problem for both Americans and Australians is that a dislike of nuclear propulsion and weaponry is worldwide and probably on the increase. If New Zealand's marginal strategic importance were to be acknowledged by freeing us from the obligation of receiving nuclear ships, how long would it take environmentalist and anti-American forces in more strategic areas to demand the same privilege?

In these circumstances it could be seen as cheaper for the Western alliance to cut New Zealand adrift rather than have an ally setting a non-nuclear example and offering a form of moral support to the one-issue anti-nuclear parties which, for instance, will apply pressure to Mr Hawke's Government.

Whatever patient arrangements America makes in the short-term and whatever restraint Mr Hawke imposes upon himself when his opponents recommend the New Zealand Government's stance to him, New Zealanders will have to decide finally whether they want to be in or out of the alliance.

CSO: 4200/394

NEW ZEALAND

LANGE SPEAKS OUT ON FRENCH POLICY IN NEW CALEDONIA

Wellington THE EVENING POST in English 19 Dec 84 p 29

[Text] New Caledonia will be independent by 1989, and France must start preparing for that before 1986, the Prime Minister, Mr Lange, declared yesterday.

Mr Lange was speaking after a special meeting of members of the South Pacific Forum's Ministerial Group on New Caledonia, called at short notice at the Beehive.

He stressed that his views on the timing of independence were his own, and not the group's.

Papua New Guinea's Prime Minister Michael Somare, Samoa's Tofilau Eti, and Vanuatu's Father Walter Lini made it to Wellington for the meeting. Fiji's Ratu Sir Kamasese Mara could not.

1986

Mr Lange says he wanted to see substantial progress towards independence in New Caledonia before the French elections in 1986.

In 1986 France is scheduled to have presidential elections in which the Mitterrand socialist Government will face the main Opposition Gaullist party.

In New Caledonia, the pro-independence Kanaks are pressing for full independence before that date while anti-independence and pro-Gaullist groups want a delay beyond 1986.

"I believe that independence will certainly come before 1989," Mr Lange said. That is the date set down for a referendum on self-government for the territory.

"I think the timetable for a substantial assurance of self-government together with pledges of full autonomy must be made before 1986."

1989

France's format for a referendum on self-government in 1989 was "totally unacceptable" and unsustainable. France needed to move to abandon that timetable. The appointment of a new delegate and high commissioner in New Caledonia indicated France was taking such concerns seriously, Mr Lange said.

"There is every sign that President Mitterrand accepts the urgency, knows there needs to be a change. There will be, long before 1989, the change which is necessary in New Caledonia."

Mr Lange said the group would still reserve the right to take the New Caledonian independence problem to the United Nations, but at this stage France was moving fast enough to not warrant taking the issue to an outside forum.

In a statement, the prime ministerial group welcomed the accelerated pace of progress to independence of New Caledonia. It was critical to the peace, stability and development of the region that the issue be resolved peacefully and quickly, they said.

Mr Lange said the group would be reporting back to the Forum, which would then report its view to the French. He said the message from the group would not be as explicit as his and remarks about the timing of independence but the importance of the French election was obvious.

#### Refugees

Suggestions from Father Lini that Pacific nations take in refugees from New Caledonia during the move to independence had not been an issue at the talks, said Mr Lange.

New Zealand would treat refugees from New Caledonia under the same policy as for those from any other country, but Mr Lange stressed that "there is not the slightest evidence of a refugee situation emerging in New Caledonia."

CSO: 4200/394

PHILIPPINES

FIDEL RAMOS DENIES REPORTS OF COUP, U.S. 'BOY'

HK200038 Quezon City Maharlika Broadcasting System in English 1100 GMT 19 Jan 85

[Text] Acting Armed Forces Chief of Staff Lieutenant General Fidel Ramos today denied reports that there could be a military coup in the Philippines, and that is is an American Boy. The reports were attributed to opposition leader Aquilino Pimentel, who is now in New York City. The full report from Jun Francisco:

[Begin recording] [Francisco] Ramos today vehemently denied reports attributed to opposition leader Aquilino Pimentel in New York City that there could be a military coup in the Philippines, and that Ramos could be the leader of such a coup, and that he is an American boy. General Ramos reacted sharply to a statement of Pimentel in New York City that the Philippines faces a possible military coup unless opposition politicians unite against President Marcos, and that a possible leader of such a coup would be General Ramos because he is acceptable to the American Government, because he is a graduate of West Point.

Ramos denied all of this. As acting Armed Forces chief of staff and director general of the Integrated National Police, General Ramos said that he would now do his best to make sure that the Armed Forces of the Philippines [AFP] and the Integrated National Police [INP] protect the constitution and constitutional processes and the rule of law as well as the rule of the supremacy of civilian authority over the military.

[Ramos] [Words indistinct] that there would be a military coup in the Philippines and that I could be the leader of such a coup, and that I am an American boy. I deny all of this formally. While I am acting chief of staff of the Armed Forces of the Philippines and director general of the Integrated National Police, I shall do my (?best) to make sure that the AFP and the INP protect the constitution, constitutional processes, and the rule of law, as well as the rule of the supremacy of civilian authority over the military. [End recording]

CSO: 4200/425



PHILIPPINES

ANG BAYAN EDITORIAL ON NPA STRENGTHS, NUMBERS

OW200454 Tokyo KYODO in English 0440 GMT 20 Jan 85

[Text] Manila, 20 Jan (KYODO)--The Communist Party of the Philippines, (CPP), which is considered officially as the principal threat to the government of President Ferdinand Marcos, said that "in the not too distant future" it would be able to "declare confidently" that it has become "strong enough" to overthrow the government.

In an editorial in the December issue of the party organ, ANG BAYAN (THE PEOPLE), obtained by KYODO, the CPP Central Committee said it had more than 30,000 members deployed "in all lines of revolutionary work" throughout the country.

The number of guerrillas belonging to the New People's Army (NPA), which was established as its military arm in 1969, increased beyond the 20,000 reported last year and with more than 10,000 high-powered rifles. The NPA operates in 59 out of 73 provinces in the country, it said.

The CPP claimed it had "leadership or effective influence" in more than 350 factories and 300 schools in urban areas. More than 6,000 revolutionary mass organizations are claimed to be operating in the countryside and more than 60,000 noncommunist activists are engaged in underground and legal activities.

In the editorial, "From Small and Weak, to Big and Strong," the CPP said it will exert "utmost efforts" to intensify guerrilla warfare, establish guerrilla bases and expand the "united front" against what it called the "U.S.-Marcos dictatorship."

The Marcos government had recently strengthened its counter-insurgency campaign with a new security program that integrates military, political, economic and public relations work by civilian and military agencies.

CSO: 4200/425



PHILIPPINES

SIX NPA MEN SLAIN IN NORTHERN MINDANAO

HK211509 Manila TIMES JOURNAL in English 21 Jan 85 p 6

[By Eric Gallego]

[Text] Soldiers intensified their operation in the hinterlands of Northern Mindanao late this week, killing six NPA terrorists in three separate gun battles. Two other rebels were captured.

The regional Unified Command 10 chief, Brig Gen Madrinio Munoz, said the soldiers killed two rebels in Upper Kirahon, Villanueva, Misamis Oriental. Three other NPA terrorists were slain in a brief gun battle in Surigao del Norte.

Munoz said a team from the Second Scout Ranger Battalion was on a routine patrol in Villanueva town when it encountered a group of four armed men.

He said two rebels died on the spot but only one was identified as a certain Aldrano.

The rebel group withdrew after a 10-minute firefight toward the vicinity of Barangay Rosario Taguluan, Misamis Oriental.

Another NPA rebel was slain while two others were captured in a clash between the soldiers of the Eighth Infantry Battalion led by Lt Jose Sapad and undetermined number of rebels in Barangay Sibahay, Lanusa, Surigao del Sur.

The NPA rebel casualty was not identified while the two captured were Charlie Galan and Sally Cruz.

Munoz said the rebel group withdrew after a 20-minute gun battle carrying with them an undetermined number of wounded companions as evidenced by traces of blood in the escape route.

CSO: 4200/425

PHILIPPINES

GDR DEPUTY FOREIGN MINISTER MEETS MARCOS, OTHERS

Culture Agreement Signed; Investment Sought

HK241449 Manila TIMES JOURNAL in English 24 Jan 85 p 2

[Text] German Democratic Republic Deputy Foreign Minister Gerd Koenig yesterday called for closer economic, cultural and scientific cooperation between his country and the Philippines in the course of a five-day official visit.

Koenig, leading a party of five diplomats, flew in yesterday from Singapore and made the call during a brief airport interview. He was welcomed at the MIA [Manila International Airport] by Deputy Foreign Minister Pacifico Castro.

At 11:30 a.m. today, the visiting diplomat will sign a cultural agreement with counterpart officials at the Foreign Ministry. Immediately after the ceremony, he will motor to Malacanang to pay a courtesy call on President Marcos.

During the interview, Koenig said a closer economic and cultural relationship between his country and the Philippines augurs well for the future of the two countries. Koenig who is visiting the country for the first time said that while here, he expects to find some economic opportunity where his country could invest.

Although East Berlin and the Philippines had signed a cultural agreement some two years ago, Kornig said the current agreement which will last for two more years will involve the exchange of artists and other related matters.

Presents Honecker Message to Marcos

KD250054 East Berlin ADN International Service in German 1818 GMT 24 Jan 85

[Text] Manila, 24 Jan (ADN)--A message from Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR Council of State, to the president of the Republic of the Philippines, Ferdinand E. Marcos, was presented to the Philippine head of state in Manila on Thursday by GDR Deputy Foreign Minister Gerd Koenig. During the meeting, which was also attended by Prime Minister Virata, President Marcos expressed his cordial thanks for greetings conveyed and sent best wishes to the GDR people.

In the course of an exchange of political views with his guest, President Marcos stressed the need for disarmament and advanced the view that the funds released would benefit development in the Third World. Referring to the latest Soviet-American talks in Geneva, he expressed the hope that this path would continue successfully.

President Marcos paid tribute to the relations between the two states, which have been developing well, specially since Erich Honecker's visit to Manila in 1977, and expressed his conviction that cooperation between the two states may develop in all areas and that the friendship between the two peoples may deepen.

Prior to the meeting at the official seat of the Philippine president, Philippine Foreign Minister Arturo Tolentino and Gerd Koenig signed a cultural working plan for 1985-86 which, within the framework of the existing cultural agreement between the two states, provides among other things for the exchange of artists and scientists as well as publications and exhibitions.

During a friendly talk with Arturo Tolentino, Gerd Koenig conveyed to the Philippine foreign minister an invitation from his GDR counterpart Oskar Fischer, for an official visit to the GDR.

Gerd Koenig arrived in Manila on Wednesday at the invitation of Foreign Minister Arturo Tolentino. On Thursday, the 2d day of his visit, the deputy GDR foreign minister began consultations with his counterpart, Philippine Deputy Foreign Minister Pacifico Castro. These consultations will be continued over the next few days. Gerd Koenig also talked with Parliament President Yniguez.

Last night GDR Ambassador Dr Kurt Merkel, in honor of the GDR deputy foreign minister, gave a reception at which Vice Minister Castro and other leading officials of the Philippine Foreign Ministry, as well as numerous parliamentarians and members of the diplomatic corps accredited in Manila, were present.

CSO: 4200/436

PHILIPPINES

CABINET MINISTERS SUPPORT INCREASED RICE SUPPORT PRICES

HK171400 Manila BULLETIN TODAY in English 17 Jan 85 pp 1, 11

[By Willie Ng]

[Excerpt] Unless the price of palay is increased, farmers may be forced to shift to more profitable crops, thereby bringing on a rice shortage in the near future.

Thus Minister of Agriculture Salvador Escudero II and Minister of Science Emil Javier expressed support yesterday for increased palay support prices yesterday.

Earlier in the week, Escudero told a cabinet meeting of the farmers' request to raise the palay support price from P (peso) 2.90 a kilo to P3.35.

He conceded that the increased support price approved last month would result in an increase in the ceiling price of rice.

But he denied he had recommended to the Price Stabilization Council a minimum flat-rate in the retail price.

He said he would recommend an increase in the retail price, saying that the old ceiling of P5.36 a kilo had "exerted extreme pressures on the stocks of the National Food Authority (NFA)."

Escudero said that last month, the NFA had to dump 16,567 tons of rice in the market, which was much more than the December supplies of the previous two years.

Hence, the need to produce more rice through the grant of better incentives, he said.

He cited statistics to show that per capita consumption of rice went up from 90.4 kilos in 1980 to 97 kilos in 1984.

Javier said that production should be increased because "in the final analysis, the price of agricultural commodities will depend upon the supply."

Last month, President Marcos approved a 45-centavo increase in the palay support price. This increase did not affect the retail price, it was noted.

Escudero said that while rice production increased by 50 percent in the last ten years, palay prices decreased at an average annual rate of 5.8 percent.

In spite of great increase in productivity, from 1.6 tons per hectare in 1974 to 2.4 hectares in 1983, farmers' income kept decreasing at an average annual rate of 1.8 percent, he noted.

The farmers cited high production costs, particularly in prices of nitrogen fertilizer, which they said were the highest in all Asia.

CSO: 4200/425

PHILIPPINES

OIL MINISTER ON REVENUES, EXPLORATION

HK181353 Manila BUSINESS DAY in English 18 Jan 85 p 2

[Text] Higher levies have increased government revenues from oil taxes despite the continuing fall of oil consumption since 1981, Energy Minister Geronimo Z. Velasco said.

He said oil consumption is expected to plunge from a high 206,000 barrels per day in 1983 to 140,000 barrels per day this year, but government revenues from oil taxes are expected to increase from P8.8 billion in 1983 to P17.5 billion this year.

The country's oil import bill has declined from \$2.6 billion in [passage indistinct] to \$1.45 billion in 1984, and is expected to drop to \$1.3 billion this year, he added.

Velasco said local petroleum prices would have been lower than those in other Asian countries if not for the government levies on oil products.

Addressing the Conference on Business Prospects the other day, Velasco said energy targets will be achieved this year despite the delay in operation of the nuclear power plant in Bataan. He said if the nuclear plant is in operation now, non-oil fuels will provide for 52 percent of the total energy requirement this year.

Velasco also said local fuels will account for 78 percent of total power generation this year, and 90 percent in 1987.

Energy prices will continue to be determined mainly by the peso-dollar exchange rate, he added.

Velasco also said oil exploration which has been at a standstill, will be further set back because of the expected continued softening of world oil prices in the next two to three years, and because of competition from other Asian countries in oil drilling.

However, he said the country's oil potentials have not been exhausted as most of the oil exploration done in the past was in shallow waters. He said future oil exploration will be in deep waters--an activity currently rendered impossible by cost constraints.

Velasco claimed that the investments in energy projects are starting to pay off. He said that the country is now saving some 100,000 barrels oil equivalent per day, which amounts to about \$1 billion. The saving is higher than the loan amortization payments of almost \$400 million, he said. He predicted a new saving of \$700 million this year.

With most of the National Power Corp's major energy projects now in operation or about to operate, Velasco said the next problem confronting NPC is the improvement of its transmission system.

He said the current focus is the rehabilitation of the NPC transmission grid in Luzon.

Power generation plants are in Magat, Tiwi, Pantabangan, Angat, Caliraya, and Bataan. Velasco said transmission lines have to be set up and additional improvements have to be made. He said that, to improve the system, the transmission lines capacity have to be raised from 230 kilovolts to 500.

Velasco said customers of Manila Electric Co have increased from a little less than 40,000 in 1973 to 1.3 million at present. This increase necessitates an improvement in the distribution system, he said.

Velasco said that for power distribution in Luzon, "the name of the game is bigness." He said that to cut distribution costs, Luzon may as well have only one power distributor. He said transmission losses of electric cooperatives run to 23 percent, while Meralco's is 10 percent. In some cooperatives, Velasco said, losses reach as much as 40 percent. He said that in the United States the loss averages only 6 percent to 7 percent.

CSO: 4200/425



PHILIPPINES

COCONUT OIL MONOPOLY BREAKING UP

HK211449 Manila BULLETIN TODAY in English 21 Jan 85 pp 1, 15

[By Arthur Sales]

[Text] Eduardo M. Cojuangco Jr, president of United Coconut Oil Mills Inc (UNICOM), announced yesterday that the UNICOM board of directors had approved the dissolution of the company following the promulgation of a presidential decree allowing a "free for all" overseas marketing of coconut oil.

Cojuangco explained that Presidential Decree No 1960 took away the only incentive for oil millers and other exporters to course their coconut oil shipments through UNICOM.

According to some observers, the decree was proposed by the International Monetary Fund (IMF) to put an end to monopolies.

Cojuangco said that UNICOM "is bowing out" for two reasons. Firstly, he explained, the decree, which is President Marcos' response to criticisms both here and abroad that UNICOM is a monopoly, opened the exportation of coconut oil to all and sundry. Secondly, he added, UNICOM's withdrawal would allow the government to undertake other alternative programs for the rationalization of the coconut industry.

He said it appears that PD 1960, which prescribes measures for structural economic adjustment programs for the coconut industry, was also promulgated "to ease the pressures being applied on the government by its political critics."

"UNICOM's dissolution will give people critical of the company the opportunity to try out alternative systems," he said.

Cojuangco, commended the president for issuing the decree and for his willingness to try out other measures to solve the ills of the coconut industry.

He said he was reminded of the chief executive's statement during the resumption of the Batasang Pambansa session when he called upon politicians to rise above politics and discard selfish motives to attain the national objective of economic recovery.



UNICOM was already on its way to attaining the goal of rationalizing the manufacture and marketing of coconut products until the IMF "interfered," according to some observers.

These observers recalled that Prime Minister Cesar Virata and Central Bank Governor Jose B. Fernandez Jr, in the Philippines' "Letter of Intent" to the IMF, committed structural adjustments in the country's agroindustrial sector as a pre-condition for granting the loan restructuring sought by the Philippine Government.

Ramon Cardenas, deputy director general of the National Economic and Development Authority (NEDA), also said in a press statement that deregulation would have to be implemented in the coconut industry.

UNICOM was designated in 1979 as the cooperative endeavor to implement the rationalization of the millin sector and the marketing of coconut products.

At that time, there was an overcapacity of existing oil mills and cut-throat competition in copra which resulted in an inefficient and uneconomical flow of copra supply from island to island without regard to the respective locations of the mills.

The situation resulted in the poor competitive position of Philippine copra, coconut oil and other coconut byproducts in the world market.

He said UNICOM bought out a number of oil mills, mostly foreign-owned, and shut down mills with excess capacities.

Today, he said, copra supply more or less approximates crushing capacities, thus eliminating cutthroat competition among the mills and enhancing their productivity.

He explained that UNICOM's marketing and trading operations contributed in a large measure to the steady increase in coconut oil prices. With its large resources, he added, UNICOM maintained a favorable bargaining leverage with foreign buyers of coconut products.

Citing an example, he said there was a big increase in the price of copra from an average of \$162 per metric ton during the period when foreigners dominated copra trading to an average of \$211 per metric ton during the time when UNICOM was in operation. He also cited the comparative increase in the price of coconut oil from an average of \$250 per metric ton to an average of \$609 per metric ton.

Coconut farmers, he continued, improved their incomes because the premium prices obtained by UNICOM for coconut oil exports enabled it to buy copra at remunerative prices.

UNICOM is owned by over a million farmers through their equity contributions to the coconut industry investment fund.

Cojuangco added that other allied coconut institutions similarly owned by coconut farmers would continue their operations to keep the process of developing in industry going despite the dissolution of UNICOM.

PHILIPPINES

STIFFER PENALTIES EYED FOR ERRING MILITARY MEN

HK181320 Manila BULLETIN TODAY in English 18 Jan 85 pp 1, 11

[Text] President Marcos said yesterday he was considering stiffer penalties in the Articles of War to upgrade military discipline.

Lt Gen Fidel Ramos, acting armed forces chief of staff, recommended proposals to amend Articles of War 105, including:

1. The right to demand trial by courtmartial under the present rules would be deleted and the commanding officer may impose punishment on a soldier upon ascertaining that the misconduct is punishable.
2. The categories of commanding officers authorized to impose punishment would be enlarged to include the vice chief of staff, deputy chief of staff, deputy chiefs of the joint staff, chiefs of special, administrative, technical and personal staffs of general headquarters, and chiefs of the general staffs of the major services and unified commands.
3. The scope of disciplinary punishments would be enlarged to include forfeiture of pay, detention or withholding of pay, and reduction in grade in the case of enlisted personnel.

The disciplinary punishment authorized under the present A.W. 105 have been made more stiff to provide the necessary deterrent against commission of acts of misconduct by military personnel.

The disciplinary punishment added by the proposed PD were said to be severe enough to deter transgression by AFP personnel.

Under the same proposal, an officer or enlisted person who is meted disciplinary punishment would be classified as "on nonpromotable status" for one year from the date of the imposition of the punishment.

The imposition upon an officer of three or more disciplinary punishment the the three years preceding his consideration for promotion would constitute a ground for deferment of his promotion.

Refusal or delay on the part of a commanding officer to act on a valid complaint against a person under his command, or refusal or delay to impose punishment when warranted by the evidence, or abetting a wrongdoing by a subordinate, would be subject to action under A.W. 105.

In his proposal, Ramos also noted that A.W. 105 was last amended in 1950 or 34 years ago by R.A. 516. The disciplinary powers of commanding officers provided in A.W. 105, according to Ramos, apparently have not provided the desired deterrent against the commission of military misbehavior.

CSO: 4200/425

PHILIPPINES

BRIEFS

CONSTABULARY POSITIONS RESHUFFLED--Acting AFP [Armed Forces of the Philippines] chief of staff Lieutenant General Fidel Ramos today reshuffled five positions in the Philippine Constabulary. Ramos took the move on instructions of President Marcos. Jun Francisco reports: [Begin recording] Changes made by General Ramos are Colonel Renato de Villa, until lately superintendent of the PC [Philippine Constabulary] training command in Camp Castaneda, Silang, Cavita, was designated acting regional commander of PC-INP [Integrated National Police] Region 5 in Camp Ibalong, Legazpi City, formerly occupied by Brigadier General Jose Alcaneses, in addition to his duties as Regional Unified Command [RUC] No 5 commander. General Alcaneses will remain RUC commander. Colonel (Bayani Sabig), until recently PC-INP personnel chief, was designated acting superintendent of the PC training command, the post vacated by Colonel de Villa. Colonel Jose Lopez, until recently the deputy commander of Regional Command No 2 in Echague, Isabella, was designated acting regional commander of PC-INP Region 8 in Camp September 23d Movement, Palo, Leyte, by Colonel Jose Santos, Jr who was reassigned to headquarters, PC-INP, at Camp Crame, Quezon City. Colonel Benjamin Aguilar, (Sabig)'s deputy, was designated [words indistinct] of the PC-INP operations center. [End recording] [Text] [Quezon City Maharlika Broadcasting System in English 1100 GMT 17 Jan 85 HK]

PENAL SANCTIONS ON STUDENT ACTIVISTS--At the Ministry of Education, private educators sought the assistance of the minister yesterday [18 January] in curbing student activism that disrupts or prevents the holding of classes. They asked the ministry to impose penal sanctions against student activists responsible for disruptions in the schools. The minister's help was sought in a meeting with Minister Jaime Laya. The educators expressed concern over the grave problems of student activism. Even as Laya was holding talks with private educators yesterday, the Alliance of Concerned Teachers announced a plan for rallies on Monday to press their demands for salary increases and other benefits. Meantime some 200 college students at 2 Manila universities yesterday staged a rally in front of the Central Bank to protest what they described as the stranglehold of the International Monetary Fund on the Philippine economy. The students marched through Quezon Boulevard, Burgos, and Mabini streets on their way to the Central Bank. A contingent of anti-riot policemen was dispatched to the U.S. Embassy, thinking the students would hold a demonstration there. The demonstrators dispersed peacefully at 1730. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 18 Jan 85 HK]

**KALAW ON LIBERAL PARTY PROSPECTS**--The Liberal Party [LP] is going it alone in the '86 and '87 polls. A revitalized Liberal Party is returning to the political arena with its own platform and candidates in the forthcoming local and presidential elections. The party is also definitely quitting the United Democratic Opposition or UNIDO. It will not support the so-called convenors group, and the arrival tomorrow of former Senator Jovito Salonga will all the more unify the Liberal Party. This was announced yesterday [19 January] by member of the parliament Eva Estrada Kalaw in a meeting in Pangasinan, where Mrs Kalaw told some 5,000 party men that if drafted by a united opposition, she will run for president in 1987. Kalaw said there was no doubt that the LP was now more united as a result of the reunification agreement she signed in the United States with former Senator Jovito Salonga. [Excerpts] [Manila Far East Broadcasting Company in English 2300 GMT 19 Jan 85 HK]

**COST OF TAX EXEMPTIONS**--Prime Minister Cesar Virata says the government stands to lose some 182 million pesos in taxes as a result of the government's decision to increase personal tax exemptions beginning this year. Virata spoke before members of the Philippine Association of National Advertisers in Makati. The prime minister said that the losses, however, would be recouped through higher customs collections and higher business taxes. Virata, who is also finance minister, also said the inflation rate is expected to go down to 40 percent this month from 50 percent last December. He said the government first has to tackle the inflation problems before it zeros in on the interest rate policy. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 23 Jan 85 HK]

**RECOUNT ON CAGAYAN DE ORO ELECTION**--In the dispute between oppositionist Aquilino Pimentel and KBL [Kilusang Bagong Lipunan] Pedro Roa, the Supreme Court has decided to hold a recounting of ballots in the Cagayan de Oro City parliamentary election. The tribunal directed Pimentel and Roa to appear at the Supreme Court on Tuesday to be informed of the ground rules for the recount. Pimentel, who was proclaimed winner by the Cagayan de Oro board of canvassers, was ousted by the Commission on Elections [Comelec] on grounds of fraud involving 225 election returns. Pimentel contested the Comelec decision before the Supreme Court. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 18 Jan 85 HK]

**INDUSTRIAL COOPERATION WITH FRG**--The Philippines and West Germany signed an exchange of notes today, extending their joint industrial promotion project. Foreign Affairs Minister Arturo Tolentino and German Ambassador Dr Klaus Zeller signed the notes this morning. The project aims to promote private business cooperation between the two countries, particularly through joint ventures, technological assistance, and export marketing of Philippine goods in the German market. Under this project, Philippine export enterprises have become better acquainted with the conditions in the German market through participation in trade fairs. [Summary] [Quezon Television in English 1100 GMT 16 Jan 85 OW]

PRIVATE EDUCATIONAL FUND--The Cabinet was directed today to develop a system for the country's private educational system. President Marcos authorized the creation of a private educational loan fund to provide financing for distressed private schools. Fifteen million pesos of the fund's initial capital will come from the proceeds of realty taxes being paid each year by private schools. The president asked the Cabinet to find sources of financing, pointing out that the private educational sector deserves government support as it accounts for 85 percent of the country's total college education enrollment. [Text] [Quezon City RPN Television Network in English 1100 GMT 21 Jan 85 OW]

CSO: 4200/425

SINGAPORE

### BRIEFS

**CAMBODIA DISCUSSED WITH NEW ZEALAND**--Cambodia has featured prominently in talks between the visiting New Zealand defense minister, Mr Frank O'Flynn and the foreign minister, Mr Dhanabalan. During their meeting at the City Hall today, Mr Dhanabalan said that the Vietnamese attack on KPNLF camps showed that the noncommunist vaction of the coalition in Cambodia has become a credible political and military threat to the Vietnamese. He said he expected the noncommunist resistance to expand their guerrilla operations instead of relying on conventional warfare and the defense of static camps. Mr O'Flynn, who is also the deputy foreign minister, reiterated New Zealand's support for ASEAN on the Cambodian issue. A Ministry of Foreign Affairs spokesman said both ministers welcomed the increasing contacts and exchanges of views between the members of ASEAN and the South Pacific Forum. They discussed the possibility of a dialogue between the two groupings. Mr O'Flynn, who leaves tomorrow, also met the first deputy prime minister and defense minister, Mr Goh Chok Tong. [Excerpt] [Singapore Domestic Service in English 1100 GMT 18 Jan 85 BK]

CSO: 4200/430



MILITARY AFFAIRS AND PUBLIC SECURITY

DOLLAR TRADERS ARRESTED IN HO CHI MINH CITY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 18 Oct 84 p 3

[Article by "P.T.": "A Scheme by Dollar Traders"]

[Text] Early in the morning many people sat waiting on three benches near the entrance of the Zone 3, Precinct 1 Medical Examination Office. Were they waiting to have examinations? Only a few would go in for an examination, while most were people who traded dollars on Ngo Duc Ke, Vo Di Nguy, and Nguyen Hue streets. Frequently a middle-aged man on a red Suzuki would pull up, say a few words to the people sitting on the benches, then speed away.

On the morning of 2 August, after the man riding the Suzuki arrived and gave a signal, two women suddenly left. The members of the Market Control-Management Unit of Subward 10, Precinct 1, stopped Tran Thi Lan (of 491/173 Nguyen Huynh Duc Street, Subward 13, Phu Nhuan District), searched her black net satchel, and discovered 100 dollars and 400 dong in Bank of Vietnam money.

En route to the People's Committee of Subward 10 so that a report could be made, Lan pressed the 100 dollars into the hand of a policeman and said, "Declare only five dollars, keep the rest, and let me go." But the policeman adamantly refused.

A little later, at the medical examination office several people were seen gathered together making calculations and handing money to a well-dressed woman. The woman was detained after she affixed a satchel to her Honda and prepared to leave. An inspection of the satchel at first revealed nothing, but when it was discovered that the satchel had a false bottom there were found 626 dollars, a 100-dollar check, 100 francs, and 26,700 in Bank of Vietnam money. The woman was Ngoc Yen, who lives at No 17 Truong Vinh Ky Street in Go Vap.

Those people selected the medical examination office of Zone 3 at No 80 Nguyen Hue Street as one of the locations for their illegal trading and foreign currency exchange. But they did not take into consideration the simple fact that the people there were always vigilant and would drag them out into the light of the law.

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CSO: 4209/111



MILITARY AFFAIRS AND PUBLIC SECURITY

SECURITY PERSONNEL NABBED IN THEFT RING

Hanoi NHAN DAN in Vietnamese 19 Nov 84 p 3

[Article: "What Can Be Learned From a Case Involving the Theft of State Property?"]

[Text] Recently, the People's Court of Ba Dinh Ward in Hanoi held a trial of the first instance to publicly try Ngo Hong Khanh, Nguyen Dac Khanh, Nguyen Trung Quan and their accomplices for the crime of theft of socialist property at the Hanoi Sand Excavation Enterprise, a trial that was welcomed by public opinion.

In mid-1982, this enterprise discovered that a theft had occurred within its warehouse but the lock on the warehouse door was still locked. From September, 1983 on, the number of thefts kept increasing and the thefts continued up until early 1984, with more being taken from the warehouse each time. The enterprise director assigned persons to keep watch on the warehouse but they still failed to catch the thief and all measures taken to prevent additional thefts proved unsuccessful.

On the 18 March 1984, a theft occurred at the enterprise's rice granary. It was not until this theft occurred that the leaders of the enterprise finally reported the details of their situation to the Ba Dinh Ward Public Security Force. Through an investigation, the Ba Dinh Public Security Force found out who the perpetrators were: Ngo Hong Khanh, Nguyen Dac Khanh and and Nguyen Trung Quan, all of whom were enterprise security personnel, and Nguyen Cong Tao, an enterprise worker.

Before the court, the defendants confessed to their crimes. It was Khanh who first came up with the idea. He talked with Tao about using Tao's personal keys and the keys of the security unit to try to open the locks on the enterprise's warehouse. One of the keys they had unlocked the warehouse door. They broke into the warehouse the first time to steal property without a hitch. The next time, Khanh persuaded Dac Khanh and Quan to join them. They next found two additional keys that enabled them to unlock the office supplies storehouse, the rice and cement storehouse and the fuel storage area. With that, they started committing thefts continuously, thefts in which at least four people but as many as 18 people participated.

Socialist property is owned by all the people and every citizen has the obligation of protecting this property, of promptly uncovering and struggling against violations of this sacred property. However, in this case, the defendants were persons who had been given the duty of protecting state property managed by an enterprise. They not only failed to fulfill their obligation of a citizen and their responsibility as security personnel, but also conspired with one another to use their position to commit theft of state property many times. This case is not only a lesson to the Hanoi Sand Excavation Enterprise, but also to many other agencies, enterprises and warehouses in the selection and assignment of security forces within their units.

When they hired someone to work at the enterprise, particularly security personnel, the persons responsible for hiring at the Sand Excavation Enterprise gave light attention to background investigations. Khanh, for example, had a prior police record and prior convictions.

When they first noticed thefts in the warehouse, the leaders of the enterprise did not make a determined effort to combat them. Were the leaders of the enterprise alert and responsible and had they coordinated at an early date with the public security force and launched a strong movement among the masses to protect the security of the fatherland, we would surely not have lost so much socialist property to theft. It was not until a year after the thefts began and many thefts had taken place that the enterprise finally reported the situation to the public security agency and it launched an investigation. The irresponsible and casual attitude of the enterprise caused the thieves to have contempt for the law and become even more deeply involved in a life of crime.

7809

CSO: 4209/122

MILITARY AFFAIRS AND PUBLIC SECURITY

SANTAL WOOD BLACKMARKETING GANG CAPTURED

Hanoi NHAN DAN in Vietnamese 3 Dec 84 p 3

[Article by Knac Hien: "Blackmarketing of Santal Wood"]

[Text] The people in the area of Trai Tru and the Huong Khe district seat in Nghe Tinh often saw an old "Jeep" carrying five people in army uniforms led by a person wearing Lieutenant Colonel's insignia who was called Nguyen Van Son. Every time they came to the area they visited and caroused with some families engaged in illegal trading. Noting that strange phenomenon, the people secretly informed border defense post No 99 so that it could look into the matter. The post commander assigned comrades Tran Van Tan and Nguyen Khac Hoan the mission of coordinating with the self-defense unit of the Chuc A state forest in secretly organizing patrolling and monitoring of the above-mentioned group of strangers.

The old "Jeep" once again appeared at Huong Lam village. This time it was carrying not five people but eight, four of whom were in army uniforms (a senior captain, two captains and a first lieutenant) and four of whom were civilians (two men and two women). The border defense troops and state forest self-defense unit members closely observed them. The people who had just arrived went to the houses of people who collected santal wood.

The people informed the patrol unit that "Lieutenant Colonel Son" had ties with Le B. L., who had a prior conviction for purchasing santal wood. It was affirmed that this was a gang which blackmarketed santal wood.

The reconnaissance troops of border defense post 99 and the patrol unit of the Chuc A state forest, along with two officers from the military command committee of Huong Khe District, quickly surrounded them. When they had received only 20 kgs of santal wood, less than the full amount they intended to obtain, Nguyen Van Son saw movement and signalled his cohorts to take evasive measures and gradually withdraw from the control zone.

Two people wearing captain's insignia and equipped with K54 pistols were riding bicycles belonging to Le B. L. and carried a bulging satchel. The combined patrol quickly barred their way.

"Let us see your identification papers." "We are cadres from the military intelligence section of command 2 on official work. No one outside the command has the right to inspect our papers and luggage."

The patrol resolutely demanded to see their papers. Their letter of introduction, which bore the names Do Quoc Huy and Nguyen Khac Vinh, had been issued by the military intelligence section of command Z. The satchel contained 800,000 dong. When they were asked why they were carrying so much money and what they intended to buy, they hesitated and said nothing. The patrol team made a report and arrested them and confiscated the evidence.

Meanwhile, at the house of one of their cohorts Son ordered Tran Van Luong to load their possessions and santal wood on the Jeep and quickly leave the control area. The commander of the border defense post and eight soldiers, who traversed 25 kilometers of forest roads so that they could arrive at the control post in time, ordered the Jeep detained and took Huy, Vinh, Luong, and their Jeep to the protection office of the Chuc A state farm. There Huy, Vinh, and Luong bowed their heads, confessed their crime, and declared that their gang included eight other people. Son and four others were in hiding at the house of L and H and were preparing to flee. The border defense troops and the district military cadres and self-defense forces of the Chuc A state farm were ordered to surround the house of H and L. The wife of H, carrying a steel box, sneaked out the back door and intended to hide the evidence but our troops were laying in wait and captured her and the evidence. L, holding a dagger, viciously threatened to "trade life for life" and would allow no one to touch his "commander Son." Our troops cleverly attempted to win them over and divide them. Finally, Son was forced to leave H's house so that our troops could arrest him.

According to the confessions of Nguyen Van Son and his cohorts, Son took advantage of shortcomings in the materials management of unit and state to steal an old Jeep, which they repaired. Meanwhile, Tran T., a bourgeois merchant in Ho Chi Minh City, entered into an arrangement with Son. Seeing that Son was a resourceful person who had a military vehicle, Tran T supplied money and sent some underlings to accompany and serve Son. They included Do Quoc Huy, Nguyen Khac Vinh, and Tran Van Luong, who were previously Saigon puppet troops. Son was able to hook up with M, a secretary in unit Y. Son had M provide him with all kinds of military documents, facilities, and equipment, such as duty orders, temporary driver's licences, badges, insignia, caps, etc., so that they could disguise themselves as army officers and avoid the control of organs responsible for maintaining security. They continually changed the way they dressed, their rank insignia, and their vehicle registration. Often, when passing by strict control stations Son played the role of an army major or lieutenant colonel and placed a flag on the hood of the jeep. Because he was successful in "earning a living," Tran T placed great trust in Son. Every time he went to buy contraband Tran T gave Son at least 1 million dong. The santal wood that was purchased was quickly transported to Ho Chi Minh City, then sent abroad by other smuggling rings. The gang which pretended to be troops was arrested and all of the evidence -- "Xa hoi", santal wood, weapons and ammunition, 1,101,000 dong in a satchel and a steel box, and other military equipment -- was confiscated. They are now awaiting trial.

The enemy take advantage of blackmarketers to sabotage the economy and upset our market and prices, while also investigating our internal situation. That incident provides a lesson in vigilance and a sense of responsibility for all people and units responsible for managing technical materials, documents, seals, and even signatures. The party and state organs and the army units have the permanent responsibility of educating cadres, party members, and personnel.

with regard to moral quality and discipline, so that the blackmarketers cannot make deals with or take advantage of them. Resolutely punishing speculators and blackmarketers, tied in with the strict punishment of degenerate cadres, party members, and personnel in the state apparatus, is an urgent task of all localities, sectors, and units.

5616

CS0: 4209/136

MILITARY AFFAIRS AND PUBLIC SECURITY

BRIEFS

VIDEO CASSETTE ROOMS--In Ho Chi Minh City, there are video cassette viewing rooms that charge for admission. To attract viewers, these places show many tapes from the capitalist countries, tapes which are not only unwholesome, but are harmful as well. The more exciting and strange the film is, the higher is the cost of admission, sometimes as high as 500 dong per couple. Films of this kind are usually shown on the sly. In Dac Lac, there is also a video cassette viewing room. A number of tapes from the capitalist countries are widely shown there. The admission price is 150 dong per couple. The person who operates this place has an acquaintance in Ho Chi Minh City make prints of these films which are brought back and sold openly. These are places that are spreading decadent culture and must be eradicated. [Text] [Hanoi NHAN DAN in Vietnamese 4 Dec 84 p 2] 7809

CSO: 4209/137

INTERNATIONAL RELATIONS, TRADE AND AID

NHAN DAN EDITORIAL LAUDS VIETNAM-MONGOLIA FRIENDSHIP TREATY

Hanoi NHAN DAN in Vietnamese 1 Dec 84 pp 1, 4

[Editorial: "Vietnam-Mongolia Friendship and Cooperation Develop Well"]

[Text] The Vietnam-Mongolia Friendship and Cooperation Treaty has been in effect for exactly 5 years. Continuing the first treaty signed between the two parties 18 years previously, that historic document was signed in December 1979 during an official friendship visit to our country by a delegation of the party and government of the Mongolian People's Republic led by comrade Jambyn Batmonh, a member of the Political Bureau of the Central Committee of the People's Revolutionary Party and Chairman of the Council of Ministers (now General Secretary of the Mongolian People's Revolutionary Party). In commemorating that event, we are happy to see that the friendly relations, militant solidarity, and cooperation in many respects between the fraternal countries of Vietnam and Mongolia have developed and are developing in correct accordance with the contents of the treaty. Implementing the articles that had been agreed to, the two parties have made many efforts to take steps to meet the goal of the treaty: further consolidating, expanding, and developing mutually beneficial economic and scientific-technical cooperation in order to promote the great undertaking of building socialism in each nation and contribute to increasing the strength of the socialist community.

The friendship and cooperation between Vietnam and Mongolia have existed for a long time and are developing increasingly on the basis of Marxism-Leninism and proletarian internationalism. During the years of our people's anti-U.S. resistance war the fraternal party, government, and people of Mongolia reserved for us warm sentiment, strong support, and selfless, timely, and valuable support. We have always been aware that the support and assistance of Mongolia, the Soviet Union, and the other socialist countries contributed positively to Vietnam's victory in its anti-U.S. war for national salvation in the past as well as in its great undertaking of building and defending the socialist homeland at present. The signing of the treaties of friendship and cooperation in 1961 and 1979 manifested the common aspiration of the people of the two countries to continually tighten their fraternal solidarity and expand cooperative relations between the two sides.

During the past 5 years, since the new treaty became effective, there have been good development of the relations between the two countries. Relations have been increasingly expanded in scale and have improved in quality. Vietnam and



Mongolia have a high degree of unanimity toward the most important matters at present with regard to evaluating the international situation, analyzing the strategic plots of imperialism and the other reactionary powers, the situation in Asia and the Pacific Ocean, and the mission of struggling for world peace and for regional peace and stability. That solidarity and unanimity was manifested outstandingly in the results of the 1979 friendship visit to Vietnam by the delegation of the party and government of Mongolia headed by comrade Ljuzyn Batmorch and the visit to Mongolia in the summer of this year by a delegation from our party and state headed by Chairman Truong Chinh.

In addition to strengthening mutual understanding by the exchange of delegations of all echelons and sectors of the party, the state, and the mass organizations, the two sides have made all-out efforts to expand the scope of cooperation and the forms of cooperation. In addition to exchanging goods the two countries have exchanged specialists and helped each other train cadres for a number of national economic sectors, who studied together, cooperated in production, etc. In a number of spheres cooperation has brought about good results. For example, we have helped our friends restore and refurbish historical vestiges and to develop the growing of tomatoes, vegetables, and fruit, while they have helped us train agricultural, animal husbandry, veterinary medicine, and other cadres.

On the basis of the Friendship and Cooperation Treaty Vietnam and Mongolia are strengthening their solidarity and mutual support in the common struggle to defend the accomplishments of socialism in each nation and increase the strength of the socialist community for the sake of peace and security in Asia and the world. Our two countries are closely united with the Soviet Union and the other socialist countries and fully support the tireless efforts of the Soviet Union to defend the socialist community and struggle to repel the spectre of nuclear war and defend the peace, life, and rights of all nations. Vietnam and Mongolia support the initiatives to transform Asia into a region with peace, stability, and good-neighbor relations which resolves all disputes by negotiation. The government and people of Mongolia affirm their unrelenting support for our people's struggle to build and defend their socialist homeland and oppose the expansionist policy of the Chinese ruling circles in league with the U.S. imperialists and the other reactionary powers, and fully support the just-will proposals of Vietnam, Laos, and Kampuchea to transform Southeast Asia into a region of peace, stability, friendship, and cooperation. Our people highly value the initiative taken by the Mongolian People's Republic by proposing the signing of a pact among the nations of Asia and the Pacific not to attack one another or use nuclear weapons, and regard that as an important contribution to preventing war and consolidating peace and security in Asia and in the world.

In commemorating the fifth anniversary of the Treaty of Friendship and Cooperation, we express our sincere gratitude to the fraternal party, government, and people of Mongolia for the valuable assistance they have given the Vietnam revolution. Our people pledge to go all-out to continue to develop and increase the effectiveness of the friendship and all-round cooperation with the Mongolian People's Republic, in the spirit of the treaty and for the benefit of the people of the two nations and the enterprise of peace and socialism in Asia and the world.

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140: 6209/136

INTERNATIONAL RELATIONS, TRADE AND AID

PHAM VAN DONG DEFENDS SRV ROLE IN CAMBODIA

PM211311 Stockholm DAGENS NYHETER in Swedish 17 Jan 85 p 14

[Interview with Vietnamese Prime Minister Pham Van Dong by Jan Winter: "A Political Solution Is Already on the War"]

[Text] Hanoi, 16 Jan--"The withdrawal of our troops from Cambodia will happen much more quickly than you might think. It is up to other how many years this will take," Vietnamese Prime Minister Phan Van Dong, the country's foremost leader, told TIDNINGARNAS TELEGRAMBYRA's [TT] correspondent.

The Cambodia question will surely have a political solution. A process in that direction is already underway. It is merely "an illusion, a fabrication" to see a difference between Vietnamese officers' and Vietnamese politicians' views of the Cambodia question, Pham Van Dong said.

The most important thing about Cambodia--"the golden key to a decent solution"--is already a fact, because the Cambodian people have risen and become master in their own country, the 88-year-old veteran of many wars asserted.

Pham Van Dong became a communist and Vietnamese nationalist in 1925 and has taken part in every one of Vietnam's wars since. For a long time he was overshadowed by Ho Chi Minh, the incomparable leader, who died in 1969.

Ho Chi Minh was the symbol for his country in the wars against France, Japan, Chiang Kai-Shek's China, and the United States. Internationally Pham Van Dong has come to be associated with Vietnam's offensive war in Cambodia, which is now almost 6 years old.

"Has Vietnam's activity in Cambodia not cost much too much, if you think for example of the development of relations between Sweden and Vietnam?" the TT correspondent asked. Criticism of Vietnam has been growing steadily during the war in Cambodia. It was one of Swedish Foreign Minister Lennart Bodstrom's most important topics for discussion during his visit to Vietnam which ended 16 January.

"I do not think so," Pham said. "Certain circles criticize us. The people understand that it is better in the long run. History will prove it."

A political solution could emerge even though the Khmer Rouge under Pol Pot is still in the picture, he said. But he underlined the Vietnamese position that a compromise could possibly be reached with other sections of the Cambodian opposition movement, albeit never with Pol Pot.

"Pol Pot's people have nothing to do with the parties involved," Pham said, pointing out that this is also the view of the Heng Samrin government.

"We support this view of the Kampuchean Republic," Pham Van Dong said.

The Vietnamese leader asserted that the recent clashes between Vietnamese and Thai troops on Cambodia's western border will not develop into a major war.

On the subject of China, he said that Vietnam would like to see a normalization of relations but that "this wish of ours is unfortunately not shared by the Chinese."

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## PARTY ACTIVITIES AND GOVERNMENT

### SUCCESS CLAIMED FOR TRANSFORMATION IN SOUTHERN DISTRICT

Hanoi NHAN DAN in Vietnamese 19 Nov 84 p 2

[Article by Phan Van Dang: "Comprehensive Changes in Hoa Thanh District in Tay Ninh Province"]

[Text] In late October, 1984, I travelled to Hoa Thanh to look into the changes that have taken place and learn just how the district has managed to record the results that it has. There, I saw first hand that the district has truly recorded some good experiences. This does not mean that everything in Hoa Thanh is complete or perfect. The ups and downs of the district in past years and the initial successes it has recorded today provide lessons of practical significance.

Allow me to present the following condensed report based on the practices of the locality and my own personal impressions:

Along with the other localities, Hoa Thanh District has been carrying out the resolutions of the Party Central Committee on socialist transformation in the initial stage of the period of transition. In 1982, Hoa Thanh District also established various forms of collective economic organizations but all of them were weak and their productivity and economic efficiency were very low. The agricultural production collectives that had been organized were collectives in name only. The district had 10 marketing cooperatives but 9 of them lost all of their goods, money and capital and lost the people's confidence. In distribution-circulation and market management, the state did not control money or goods and the "free" market, instead of shrinking, was threatening the organized market. Posting prices proved to be a useless measure, prohibiting price increases was ineffective and additional price freezes only led to higher prices. Dishonest merchants continued to do as they pleased and the daily lives of cadres, workers and civil servants were becoming more difficult.

On the basis of gradually gaining an understanding of the resolutions of the Party Central Committee and under the direct guidance of the provincial party committee, the Hoa Thanh party organization boldly examined its mistakes and shortcomings. As a result, it learned how to creatively apply these resolutions in transformation, how to coordinate the three revolutions and the five different aspects of transformation (agricultural transformation, the

transformation of small industry and the handicraft trades, the transformation of commerce, the transformation of communications-transportation and cultural-social transformation), which led to the following results:

--Agricultural transformation: as of October, 1984, the district had virtually completed its agricultural transformation, having brought 80 percent of cropland and 94 percent of farm families into collective production in the form of collectives and cooperatives (the district has 170 collectives and 3 cooperatives, 1 of which is a village size cooperative). As a result of giving attention to multicropping and the application of science and technology in farming, crop yields and output have nearly doubled compared to the period preceding transformation.

The transformation of small industry and the handicraft trades: since early 1983, the district has been reorganizing the production of the small industry and handicraft sector. As a result, 95 percent of the means of production have been brought into socialist economic organizations in the form of state-operated enterprises, joint public-private enterprises and cooperatives. Within this field, the state only managed a number of products worth an estimated 11 million dong prior to transformation; however, since transformation, the output managed by the state has increased to more than 650 million dong.

In the process of carrying out the transformation of industry within the district, Hoa Thanh has achieved the following results: the entire machine sector, sugar refining sector, cassava processing sector and the building materials excavation and processing sector are now state-operated; the state-operated milling sector consists of 25 mills that have a capacity of 4 tons or more per shift and the remaining mills have been turned over to agricultural cooperatives or production collectives.

The total value of the fixed assets of the district's private enterprises was roughly 500 million dong. However, as a result of skill in agitation and the proper application of policies, when these facilities became state-operated enterprises, some of their former owners donated their assets to the state. Only 6 million dong in assets had to be purchased by the state, but this sum is being paid gradually over a period of many years. In addition, the district has also been using former owners and their technology to support socialist production. Appropriate transitional forms of organization have been utilized by the district to reorganize production and business in ways that yield a profit and benefit the socialist economy.

The state-operated industrial units of the district could contribute as much as 70 million dong to the state budget in 1984.

The district had machine shops of the state prior to transformation but they were mainly involved in repair and tool work. Now, they are producing sugarcane presses with a capacity of 50 tons per day, rice threshing machines, water pump housings, cylinder sleeves for various types of internal combustion engines... In 1983, the district's state-operated machine sector contributed 30,000 dong to the budget. It could contribute as much as 3.2 million dong in 1984.



As regards the sugar refining sector, the district only managed about 50 percent of total sugar products. However, it has controlled 85 percent of total sugar output since transforming and reorganizing production. In 1983, the sugar refining sector contributed more than 2.6 million dong to the budget (the equivalent of the combined contributions made by the sector during the previous 3 years). The district has merged joint public-private units with state-operated enterprises and established a sugar refining corporation. This corporation could contribute as much as 15 million dong to the budget in 1984. In 1983, the cassava processing sector delivered 4,200 tons of flour to the state (120 percent of its plan) and contributed 2.5 million dong to the budget. This sector could contribute more than 15 million dong to the budget in 1984. As regards the other state-operated units of the district, the Building Materials Corporation could contribute 20 million dong to the budget in 1984, the forest products processing sector could contribute 2 million dong, the state-operated brick and tile enterprises could contribute 2 million dong...

In addition to the state-operated and joint public-private corporation forms of organization mentioned above, small industry-handicraft cooperatives have also been organized in villages. Prior to transformation, Long Thanh Bac Village produced only a little more than 2 million dong in small industry and handicraft products per year. However, during the first 6 months of 1984, following the transformation and reorganization of production, it produced more than 6 million dong in total output and paid 600,000 dong in taxes. The cooperative's profits between July 1983 and July 1984 were 1,170,000 dong.

The transformation of commerce and market management: in the past, because the locality failed to take positive steps to transform agriculture, industry and commerce, because its management of the market was lax and especially because it did not coordinate or carry out the different types of transformation simultaneously, the socialist market could not achieve dominance within the various fields of the struggle between the two paths in the period of transition, which we have just recently begun.

Facts have shown that to control the flow of goods and money, it is necessary to transform and reorganize production and trade, otherwise we are merely speaking empty words.

Hoa Thanh District had marketing cooperatives in its villages in 1982 but the business management skills of these cooperatives were weak and they simply waited for goods to be supplied by the upper level. They sold what goods that came in and, when they had no goods to sell, they did nothing. They were no different than the stores of the old days. Whenever goods arrived from the upper level, the residents in the neighborhood were able to buy them first but by the time farmers in the remote hamlets learned about the delivery of goods to cooperatives and arrived to make their purchases there was nothing left to sell. There was also the less than cheerful attitude of the salesgirls and their indifferent remarks: "sold out," "why did you show up so late"... The people knew full well that these essentials were being distributed first to cadres and their relatives and that the balance was being slipped out the back door to private merchants who then divided it up amongst themselves.

Hoa Thanh District spent some time focusing its efforts on strengthening the marketing cooperatives in the villages. Today, these cooperatives have expanded their operations and are meeting the requirements involved in controlling the sources of goods through procurements and buying and selling products to support production and serve the daily needs of the people. The district has 176 retail sales points and stores that extend all the way down to the hamlet level. These stores send goods into the remote hamlets on pushcarts to sell goods and procure miscellaneous items.

The marketing cooperatives of the district have 46,000 members. In 1983, they did more than 80 million dong in business. In 1984, they could do as much as 400 million dong in business. The Long Thanh Bac Village Marketing Cooperative did 5.2 million dong in business in 1983 and will exceed 35 million dong in 1984. The Hao Duoc Village Marketing Cooperative, which did 24 million dong in business in 1983 and could reach 80 million dong in 1984, procures from 90 to 96 percent of the agricultural products produced within the village.

The marketing cooperatives support production and serve the daily needs of the people quite well, serving the needs of the living as well as the needs that arise when a person dies, serving adults as well as school children, serving women during menstruation and childbirth. Committed to serving the people, salesgirls and service personnel are cheerful to their customers and, instead of the common practice of selling goods only in the packages received from the village, they will open pre-packaged products to sell smaller portions to the poor at a cost of only a few dong. A seamstress is on hand to mend suits and pants or alter clothing in order to save the poor some money.

The efforts described above, although small, are of very important significance. They have made a deep impression upon the people and brought them close to socialism. They understand socialism through the work of the cadres and personnel of the socialist state.

The guidelines of the marketing cooperatives at these places are quite clear: "Do business in those products that are needed in production, needed to serve the daily requirements of the people"; "there can only be goods available for procurement when production develops"; "sales can only be increased when many products are procured"; "procure products where they are produced, sell products where the people are"; "profits are necessary but not the sole objective" and so forth.

What is deserving of attention with regard to the above mentioned results of the transformation of industry and commerce in Hoa Thanh is not the high volume of business, the large profits or the significant contributions to the budget, but, more importantly, the benefits from them in terms of building the socialist economy, the political benefit, that is, winning the support of the people.

Cultural and social transformation: in conjunction with carrying out transformation and construction within the various economic fields, Hoa Thanh District has also attached importance to transformation and construction within the cultural-social field. Facts have very clearly shown the



relationship and reciprocal impact that exist among the various economic fields and between culture and the economy in the process of socialist transformation.

Hoa Thanh District is carrying out the cultured lifestyle movement. Old funeral and wedding customs are practiced less frequently and drunkenness and the disruption of social order have declined. Two of the district's villages have completed the "five thorough jobs." The district is conducting a movement to have persons pledge to live a cultured style of life. Cadres and party members must set examples and the Communist Youth Union must be the capable arm of the party in this movement.

Practically all villages and towns have wired radio networks. In addition to public loudspeakers, speakers have also been installed within homes. Some villages have installed roughly 200 speakers in homes at a charge of only 5 dong per month per speaker. The wired radio networks have had a rather marked effect in providing propaganda and education concerning positions and policies and providing information on each day's work within the village and the district. Practically all villages have a level II school, a club, a child care center, a medical aid station and a maternity clinic.

In recent years, Hoa Thanh District has been recognized as a leader in the mass culture and literature-art movement. The Long Thanh Bac Small Industry and Handicraft Cooperative has its own club and a reading room stocked with more than 400 books, 30 different newspapers and musical instruments worth more than 50,000 dong. In addition, it has its own public health station, maternity clinic and a 16-bed Western-Eastern medical examination and treatment clinic for its members. All cooperative members received treatment at the clinic free of charge. All of the district's villages have organized Red Cross units and these units are operating very well.

The income of all workers at state-operated units as well as cooperatives has risen. The manual workers and laborers at state-operated units earn roughly 2,000 dong per month and skilled workers at machine enterprises earn a piecework wage of 4,000 dong per month. At the Long Thanh Bac Small Industry and Handicraft Cooperative, piecework wages range from 1,200 to 2,100 dong per month. Laborers who go into the forests to harvest rattan, bamboo and so forth are paid from 3,000 to 3,500 dong per month and have their rice and medicine expenses paid by the cooperative. Laborers (manual workers as well as farmers) also receive other welfare benefits from their collective economic organizations and the state.

Due to the results achieved through socialist transformation, productivity and economic efficiency have risen in Hoa Thanh. In 1984, the district could contribute 200 million dong to the state budget (it contributed only 50 million dong in 1983). The three interests have been rather well balanced, the people's confidence in the party and system has been strengthened, the right of collective ownership of the working people is being upheld and the alliance of workers and farmers has been further strengthened.

From my examination of the situation within the locality, I feel that the following matters are important:

1. It is clear that socialism has become the dominant position within the various economic fields and the market within the district not because the capitalist economy voluntarily withdrew, but because the Hoa Thanh District Party Committee planned and made preparations for a full-scale offensive campaign, a campaign in which it has closely coordinated the three revolutions and the five aspects of transformation, closely tied transformation to construction, with primary emphasis upon construction, reorganized each sector that has been transformed and is not only reorganizing production and business, but also reorganizing the management apparatus and selecting managers for each sector, each installation and each economic unit within the villages and hamlets (which, of course, is being done gradually).

The district party committee has also taken comprehensive, well coordinated measures to build strong forces and a strong position as a prerequisite to achieving control.

If local leaders only concern themselves with agricultural transformation and neglect the transformation of industry and commerce, agricultural cooperativization lacks the conditions needed to develop, the new, socialist countryside cannot come into existence and the requirements involved in the building of the districts set forth in the resolutions of the Party Central Committee cannot be met. In addition, attention must also be given to the fact that if transformation is not carried out in conjunction with reorganization or if reorganization is superficial, mechanical or lacking in flexibility, the development of production and business in a manner that benefits socialism in the initial stage of the period of transition is inevitably affected.

2. In its leadership, the Hoa Thanh District Party Committee has closely tied ideological work to organizational work, has tied the building of the district to the building and strengthening of its villages. This is clearly seen in the meetings of the district party committee and people's committee as well as in the day to day guidance they provide. Not only have they closely tied ideological work to organizational work, they have combined the two to achieve the full and timely performance of the practical work of each sector and village. In addition, the leaders of the district party committee have been very concerned with building and strengthening the villages and other basic units and creating favorable conditions for the improved operation of the collective economic organizations within the villages, as a result of which the deprecating statements once made by the upper level, such as "marketing cooperatives are like a child from your first marriage," are no longer made. In addition, the district has also been supporting the villages in the construction of welfare projects for the people.

3. Trusting and relying upon the masses have been one of the important factors in the victories won by the Hoa Thanh party organization. Facts have shown that only when leaders listen to the masses are the masses willing to listen to their leaders, only when leaders trust the masses do the masses trust their leaders. Leaders win the trust of the masses by what they do, not by what they say. Today, the foremost way that leaders win the trust of masses is through the results of economic policies and exemplary actions on the part of cadres and party members. From this reality, we are made even

more deeply aware of the fact that we become leaders not only as a result of what we think, but also as a result of what the masses think of us.

Almost everyone in Hoa Thanh District is a member of the Cao Dai Religion. The district is the center of the Tay Ninh Cao Dai Church and has been an area of certain political complications. However, the leaders of the district, trusting in the masses, have agitated among farmers, workers and other poor laborers on the basis of the class viewpoint. Clearly, the laboring people of Hoa Thanh are not participating in collectivization because they "fear the communists" and must do what they are told(?!).

The leaders in Hoa Thanh have also given their attention to setting up the various mass organizations, considering them to be an indispensable tool in the establishment of close relations with the laboring masses and the people, in general. The structure of the executive committees of the mass organizations is closely tied to the collective economic organizations and the organizations engaged in cultural and social activities within the villages, thus enabling the mass organizations, in addition to becoming deeply involved in their particular circle, to also be closely tied to production and participate in economic management, social management and the supervision of the government agencies on the village and hamlet levels.

The right of collective ownership has also begun to assume tangible form. The management committees of all the various types of cooperatives listen to and respect the legitimate opinions of their members.

4. Unity and consensus within the district party committee are a matter of decisive significance. This consensus enhances the abilities and effectiveness of leaders. Leadership backed by inspections has become regular procedure in the collective leadership provided by the district party committee. In addition, in the internal struggle, the spirit of party building is clearly evident. Differing opinions are openly debated during meetings. As a result of adopting this correct method of struggle, persons with differing opinions are brought increasingly closer together and ultimately reach agreement.

The above mentioned results that have been achieved in the different areas of work are not surprising but neither were they easy to achieve. To the contrary, they have been achieved by the Hoa Thanh District Party Committee through steadfast efforts in its internal struggle, in its self-criticism and criticism, by daring to take a hard look at its shortcomings and mistakes, by keeping abreast of the situation and being willing to listen in order to determine that which is good and correct, by daring to think and act, by daring to assume responsibility to the upper level.

However, not all areas of work within Hoa Thanh District are free of shortcomings. Recently, the district party committee, in a review of the district's work, clearly defined the problems and shortcomings that must be corrected. The district party committee itself is also guarding against and combating the thinking of being satisfied with the achievements that have been recorded.

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PARTY ACTIVITIES AND GOVERNMENT

SHORTAGE OF QUALIFIED CADRES PERSISTS IN CENTRAL HIGHLANDS

Hanoi NHAN DAN in Vietnamese 4 Dec 84 p 3

[Party Building column: "Training Cadres for the Central Highlands"]

[Text] In the years ahead, the party building efforts of the Central Highlands will be directed toward insuring the successful performance of the two strategic tasks set forth by the 5th Congress of the Party. The training of a well coordinated corps of cadres for the Central Highlands is a matter of extreme urgency. In recent years, this corps has been strengthened to some extent. All provinces of the Central Highlands have been training cadres en masse, either locally or at schools of the central level and other provinces. The central level has transferred to the Central Highland provinces tens of thousands of cadres of all types. The number of scientific-technical cadres, leadership cadres and management cadres being assigned to the Central Highlands has been steadily increasing. Young cadres, female cadres and cadres from the various ethnic minorities within the province are quickly maturing and performing their tasks well. The number of cadres in the provinces of the Central Highlands and the western region of the central coastal provinces has now reached 100,000, 38,000 of whom are women, 8,000 of whom are minority members and 15,000 of whom are party members. As regards their cultural standards, more than 50,000 of these persons have a level II education; 18,000 have a level III education; more than 6,000 have an academy or college education; 9,000 have a vocational middle school education; 700 have a high level education in theory; 1,400 have a middle level education in theory; 20,000 have an elementary or basic level education in theory; and 1,300 are economic management cadres who have from a middle level to a college level education. Generally speaking, compared to the period immediately following liberation, the present corps of cadres of the Central Highland provinces is tens of times larger, their knowledge of culture, science-technology and economic management is deeper, they have gained practical experience and practically every cadre has been tempered and challenged. One after the other, the various localities have re-examined their existing corps of cadres; reorganized, redeployed and reassigned cadres in a more rational manner; gradually planned the development of the corps of future cadres, especially leadership and management cadres for the district level and the sectors on the provincial level; and adopted planning and training guidelines for the immediate future and subsequent years. The Central Highlands Party School and the party schools of the various provinces have been continuously



holding training classes for thousands of cadres for the districts and basic units. These persons have received training designed to improve their command of theory, increased their knowledge of the socialist revolution and give them a thorough understanding of the directives and resolutions of the party. The provinces and districts have also boldly sent young, well educated cadres to study at the party, administration and mass organization schools on the central level; held many advanced classes in economic management, on-the-job college classes and college classes under the abridged program for leadership cadres within the province; opened many work-study schools, socialist youth schools, schools for minority children and formal supplementary education schools; increased the enrollment of minority students at the Central Highlands College, the academies and middle schools, etc.

The measures described above have created for the Central Highlands a rich pool of local cadres consisting of leadership cadres, economic management cadres and scientific-technical cadres.

The recent district party organization congresses once again strengthened the district party committees. From one-third to one-half of district party committee members were replaced and the majority of district party committee secretaries are now members of the provincial party committee. The new district party committees for this term consist of well qualified, young comrades who possess knowledge of culture and technology and are trusted. The district people's committees were also strengthened through the people's councils elections. The committees of the party and the specialized and professional offices and sections of the district level have also been gradually strengthened through the addition of cadres who possess specialized, professional skills and management skills. Many districts have restructured their offices and sections in keeping with Council of Ministers' Decision Number 86. The division of functions between the district party committee and the district level government has been more clearly defined and the problem of one taking over or performing the work of the other is gradually being eliminated.

In view of the many difficulties still be encountered with the economy and living conditions, many localities have taken measures to help cadres overcome their difficulties with housing, health maintenance and medical treatment, thereby enabling them to go about their work in the Central Highlands with peace of mind.

However, the requirements of the immediate tasks and the tasks in the years ahead of the Central Highlands and the western region of the central coastal provinces are not being met by this corps and there is a shortage of local cadres, minority cadres and women cadres. There is a rather large number of cadres who have a college or middle school education but the majority of them are working in the education and public health sectors. There is a shortage of economic-technical cadres. Many more leadership and management cadres, especially economic management cadres, are needed. On the district level, especially within the district party committees and people's committees, there are still few scientific-technical cadres, few specialized, professional and economic management cadres and more cadres are needed for mass agitation. The average age of the leadership and management cadres on the provincial and

district levels is rather high and their health is declining. Deserving of attention is the fact that the majority of cadres do not have a deep understanding of the struggle between the two paths and some cadres have become degenerate and deviant, thereby reducing the prestige of the party in the eyes of the masses.

The development of the Central Highlands demands the urgent training of a corps of well coordinated cadres consisting of leadership cadres, economic management cadres and scientific-technical cadres from the provincial to the basic levels.

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In addition to the cadres trained by the provinces of the Central Highlands themselves, it is extremely important that the Central Highlands receive support in the form of cadres from the various sectors and levels. Appropriate attention must be given to assigning additional cadres to the basic level and increasing the number of scientific-technical cadres and cadres from the lowlands, especially to assigning additional cadres to the strategically important districts and villages, the villages along the border and newly established economic and administrative units. We must overcome the thinking of localism, ethnic majority thinking and narrowminded ethnic thinking in our cadre work. We must organize good cadre brotherhood and sponsorship programs between the lowland provinces and the provinces of the Central Highlands, including programs that involve elementary training, advanced training, etc. The provincial and district levels in the Central Highlands must quickly carry out cadre planning and train cadres, with importance attached to equality between Vietnamese cadres and Montagnard cadres. They must attach importance to determining the qualifications and abilities of cadres through the work they are assigned and assign them jobs to which their abilities and strengths are well suited. Importance must also be attached to helping women cadres and minority cadres. It is necessary to reassess the existing corps of cadres so that it can be assigned and organized in a rational manner and necessary to select cadres to succeed those who now hold key positions on the provincial and district levels.

Certain characteristics of socialist construction in the Central Highlands are special. Besides the specialized farming areas and the developed commodity economy, there is still a backward, nomadic economy of considerable size. Besides the municipalities and cities, there are still many mountain villages where the living conditions, transportation and production of the people are unstable. More than 40 fraternal minorities with their many different customs and habits live together in the Central Highlands. These characteristics make it even more necessary that we quickly develop a large corps of cadres of many different types in order to meet the requirements of comprehensive leadership.

Through the work of building the basic organizations of the party and the mass organizations, such as the Youth Union, the Women's Union and the militia, through the activities of these mass organizations and through the production and village security movements, we must select good persons for training as cadres. In addition, a number of cadres and personnel at agencies and workers at state farms and forestry sites who have been on their jobs for many years, have been forged and challenged, possess good qualities and show good prospects must be trained to be leadership and management cadres for the

Central Highlands. On the other hand, it is necessary to select graduates of the basic general schools, middle schools, work-study schools, supplementary education schools and ethnic youth schools for training as cadres. Cadres must be trained for the localities through the party schools, administration schools, economic management schools and specialized technical and professional schools. When they return to their units upon the completion of their studies, we must continue to provide them with additional training in order to gradually improve their qualifications. The network of training schools, which is made up of the political theory schools, the economic management schools and the specialized and professional schools, must be consolidated by sector and area. The organization and propaganda-training sections of the district must establish specialized components in charge of the training of cadres for basic units so that all village cadres complete the elementary program in theory between now and 1990.

On the basis of socio-economic planning, cadre planning must be formulated for the years ahead. Specific training plans must be adopted immediately in order to have cadres to assign and utilize in 5 to 10 years. Leadership and management cadres, especially cadres engaged in party work, must be selected among persons who possess good personal qualities, are competent and have the trust of the collective.

In addition to formal training, it is necessary to employ many other practical and suitable forms of training, such as on-the-job training, short-term training, tours, guiding model units and summarizing experiences in order to improve the overall qualifications of cadres.

In recent years, the party and state have promulgated many policies to provide for the daily needs of Central Highland cadres. However, in view of the region's harsh geographical and natural conditions, its poor economy and the complex situation faced in the maintenance of political security, these efforts must continue to be improved. In the immediate future, efforts must be made to provide housing, work space, family stability, rest and relaxation benefits and medical treatment for cadres. Attention must be given to children of the ethnic minorities when selecting students to attend colleges and vocational middle schools. Good schools must be established for the children of the minorities in order to bring education to increasingly large numbers of them and create a pool of persons for training as cadres over the long range.

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## ECONOMIC PLANNING, TRADE AND FINANCE

### IMPORTANCE OF PLANNING IN ECONOMIC MANAGEMENT EMPHASIZED

Hanoi TAP CHI KE HOACH HOA in Vietnamese Aug 84 pp 1-4

[Unattributed article: "Make Planning the Center of the Economic Management Mechanism"]

[Text] Planning the development of the entire national economy, as well as each basic-level unit, sector, and locality, is a basic characteristic and absolute superiority of socialism. In our country, even during the first phase of the period of transition the collective mastership system allows and demands the carrying out of planning and the use of planning to further the development of production and attain the economic and social goals. The resolution of the Sixth Plenum of the Party Central Committee once again stressed that the new economic mechanism must make planning its center and tie in planning with economic accounting and socialist commerce.

#### Planning Is the Center of the Management Mechanism

In order to ensure that planning is truly the center of the economic management mechanism it is necessary to continue to completely renovate planning, from the content of plans to the methods of drafting them.

A plan is an economic-social program of the Party, so the economic structure and the balances in plans must clearly manifest the strategic deployment of the national economy and of each sector and locality, and must ensure the implementation of the common line and economic line delineated by the Party. If that is to be accomplished, the drafting of plans must be based on the results of fully evaluating the economic-social situation, and on profound analysis of the economic-social characteristics of the first phase of the period of transition to socialism and the truly good application of the objective economic laws of that phase, in order to correctly manifest the lines, stands, and policies of the Party and state. The plan contents must include all economic and social matters of the planning period, from matters regarding production, living conditions, science and technology, distribution and circulation, socialist transformation, and the perfection of the new production relations, to combining the economy with national defense and national defense with the economy, etc. The actual situation has clearly indicated that determining a correct economic structure is still the most difficult matter. It is necessary to correctly arrange the development of the agricultural, consumer goods industry, and heavy industry sectors into a

structure in which they are closely related, one in which agriculture is the main front and the central economy is closely combined with the local economy; and one which combines domestic economic construction with the expansion of foreign economic relations and does a truly good job of meeting all three types of needs: improving living conditions, accumulating development capital, and ensuring national defense and security. A plan that truly serves as the center of the management mechanism must determine an economic structure which manifests the above-mentioned relations in a manner appropriate to the characteristics of the initial phase in each sector, locality, and basic unit. That economic structure must be manifested even in all production-commercial activities of each production base, with regard to all families and workers, and in mobilizing all strengths with regard to labor, land, natural resources, and material-technical bases in order to produce more and more wealth for society.

Plans drafted along those lines will become the strongest levers in the system of economic levers. They contain a great strength because they manifest both the long-range interests and short-range interests of the great undertaking of national development and manifest the thoughts, aspirations, and sentiments of the laboring people as well as the pressing needs in their daily lives. Each basic unit and each worker must see in the plan both their future and their daily life, must clearly realize their responsibility, rights, obligations, and interests, and thus draft and implement plans entirely on the basis of self-enlightenment and voluntariness. To do so is to overcome the disease of bureaucratic, subsidized administration in planning, which in the past was ordinarily imposed from above, which not only created a disparity between plans and actual life but also caused opposition between the upper echelon and the lower echelon. There were activities which the lower echelon had to hide and not include in plans. The actual situation has demonstrated that plans must closely combine responsibilities with rights and obligations with benefits, and especially must manifest the harmonious combination of the economic benefits, on that basis bringing into play the combined strength of the collective mastership system in all spheres of production, distribution, exchange, and consumption, which are organically related in each plan. Plans drafted along those lines will truly be the center of the management mechanism and will both compel and encourage all basic units and workers to enthusiastically and ardently fulfill the plan.

Such a plan absolutely cannot be the result of bureaucratic administrative activities which are far removed from reality and from the life of the professional organs, but must be the result of the creative, dynamic activities of the broad working masses and the corps of economic management cadres and scientific-technical cadres, under the leadership of the Party. Plans must truly be syntheses of carefully selected economic-scientific-technical preliminary plans, including the selection of advanced scientific-technical accomplishments to introduce into the production-commercial aspects, which fully manifest the growth factor of our country's economy in the initial phase, which has been constructed on the basis of advanced economic and scientific-technical norms. It must be realized that for a long time now that has been a deficiency in our planning. Science and technology do not yet play a worthy role in the plan drafting process. Therefore, there are scientific-technical advances and valuable innovations, inventions, and technical improvements which have not been widely applied. In that situation, it is difficult to avoid the

waste of labor, materials, and capital, and if that situation continues to exist it will be difficult for the slogan "productivity, quality and effectiveness" to become concrete results in life.

Drafting and synthesizing plans at the basic level, in the localities, and in the sectors, is an important policy in improving the quality of planning and ensuring that plans are truly the center of the economic management mechanism and manifest in the most lively manner the system of economic collective mastership. The resolution of the Sixth Plenum of the Party Central Committee stressed the improvement of the management of basic units and strongly developing the collective mastership right of the laboring people and the initiative, creativity, and capabilities of the basic units, which are manifested in failure to fully utilize labor, land, machinery, equipment, etc. Our Party set forth that viewpoint long ago but few results have been attained. Plans are still not truly drafted at the basic level and there still exists the situation of the upper echelon drafting plans for the basic level and assigning them to the basic level. That is because there are difficulties and problems in the policies and regulations, which are still compulsory and coercive and prevent the basic units from taking the initiative. Therefore, in truly drafting plans at the basic level it is necessary to resolve many problems at the basic level, from planning regulations to regulations regarding the supplying of materials, finance, prices, salaries, the distribution of profits, etc. The resolution of the Sixth Plenum of the Party Central Committee set forth many measures for promptly adjusting the policies in the sphere of distribution and circulation along the lines of attaining the harmonious unification of the three interests, correctly applying the principle of distribution according to labor, and doing a good job of improving economic management and planning at the basic level. The good implementation of the Central Committee resolution will create a new situation in planning. The drafting of good plans by all basic units will be a basis of support for balancing and synthesizing plans by the upper echelon and for ensuring the positiveness and implementation of state plans.

The central position of planning must also be manifested in the process of guiding the fulfillment of the economic-social missions of the sectors, localities, and bases. There can be no situation of plans being drafted in accordance with the predetermined objectives and norms but failure to observe those objectives and norms when guiding implementation, which will result in upsetting the plan balances, especially with regard to materials and capital, and create chaos in economic management, and ultimately the selected economic structure cannot be attained. That situation manifests the disease of dispersion, disorganization, and indiscipline of small-scale production, which we must resolutely overcome. It is necessary to correctly implement the principle of management guidance according to plan. Fully exploiting the four capabilities in economic development is a correct policy which is appropriate to our country's conditions at present, but those four sources must be based on the plans of each echelon and unit and must be balanced in the system of plan balances. The economic-financial management policies and systems and the economic levers must also be oriented toward developing those four sources of capabilities and concentrate on attaining the plan objectives and norms.

## Combining Planning With Economic Accounting and Socialist Commerce

The socialist economy is managed by means of plans, combined with economic accounting. The resolution of the Sixth Plenum of the Party Central Committee stressed combining planning with economic accounting and socialist commerce in order to manifest a basic characteristic of socialism -- the absolute economizing of sources of capital -- while overcoming deficiencies of planning -- heavy emphasis on subsidy management and a lack of making calculations and comparing expenditures with results that have been attained. That method of planning created overdependence, sluggishness, and a lack of liveliness and dynamism in the thinking and working methods of many sectors and echelons. Clearly, an economy cannot remain strong, let alone develop, if each basic unit, sector, and locality does not by itself attain expanded reproduction on an increasingly larger scale and bring about increasingly greater capital accumulation, but only depends on and awaits aid from the upper echelon.

Therefore, it is essential that economic accounting truly become the way of livelihood of each basic unit and production-commercial organization. Each unit must fully understand that planning is the center, fully understand the latent and actual capabilities, mobilize those capabilities to the greatest possible extent, form alliances and combined operations, and engage in export-import activities, in order to draft the best plan, make high profits, meet all of their expenses, accumulate increasingly larger amounts of capital, and on that basis harmoniously share benefits among society, the units, and the individual workers. The ultimate objective of economic accounting is that each production unit must create increasingly greater utilization value. It must be clearly understood that in socialist society utilization value is the objective and our economic-social plans place utilization value in the front rank, but we never regard the balances with regard to value lightly, for value is the yardstick for calculating, is a means for distribution, and is a stimulating lever in implementing plans and carrying out economic accounting and socialist commerce. It may be said that during the recent period, because of failure to firmly grasp the relationship between utilization value and value there have occurred disparities in both regards: some basic units merely pursue profit, have arbitrarily failed to correctly implement state plans, and have even produced poor-quality goods. There are also basic units which regard economic accounting lightly and do not closely calculate expenditures of labor, materials, and capital, which results in the use of materials beyond the norms and excessively high salary expenses, causes production costs to rise to unacceptable levels, and wastes social wealth.

In order to truly carry out economic accounting, of course there are many tasks which must be carried out, from rectifying the norms regarding the expenditure of labor, materials, and capital and the economic-technical standards, to amending the instruments of calculation, such as prices and salaries. Such tasks can only be carried out step by step, with specific measures, in order to overcome as soon as possible the irrational and illegal practices, in order to create conditions for the basic units to implement accounting in each task and part, and advance to increasingly more complete economic accounting.



With regard to the basic units, the economic-technical sectors, and the economic organizations, socialist commerce means implementing economic accounting. Not to implement economic accounting is in fact not to have commerce but to have a subsidy system. To supply materials not in accordance with the laws of production and distribution and to have a system of prices that is not in accord with production costs and circulation expenses is to implement a subsidy system in supplying materials, and it is impossible to speak of commerce in materials in its proper sense. With regard to production costs, failure to fully take into consideration expenses regarding the depreciation of machinery and equipment or correctly calculate the purchase prices of raw materials, salaries, price and salary supplements, etc., will prevent enterprise wholesale prices and industrial wholesale prices from correctly reflecting the actual situation and also is not true economic accounting but is subsidy management. Thus one cannot refer to socialist commerce. Therefore, economic accounting and socialist commerce are very closely related. If there is to be commerce it is essential that there be accounting, and if there is to be true accounting it is essential that there be commerce, but it must be socialist commerce.

Each basic unit, sector, and echelon is responsible for engaging in commerce, the principal content of which is relying on the maximum, increasingly more effective exploitation of their sources of capital, from labor and land to the sectors, trades, machinery, and equipment in order to, with that capital, produce increasingly greater quantities of goods for society with the lowest expenditures. All cadres on the economic front must continually be concerned with thinking about the concept of commerce and commercial forms and measures. That requires, first of all, a change in our economic thinking and the continual renovation of our way of thinking so that it can be appropriate to a changing situation, especially at a time when our country's economy is still in the first phase of the period of transition, it is necessary to overcome thinking in a rut and to overcome outmoded ways of livelihood which do not take efficiency into consideration. New, more effective ways of thinking and working must be reflected in the economic-social plans of each sector and echelon. In that sense, planning is the most effective commercial mode in each period and state plans are a socialist economic mode for the entire nation.

Planning, economic accounting, and socialist commerce are inseparably bound together. Plans that are not tied in with economic accounting and socialist commerce are only the subjective products of bureaucratic organs, are far removed from reality, and will not have the strength to mobilize all capabilities and encourage everyone in the great enterprise of economic construction. On the contrary, economic accounting which does not make planning its central concern loses the nature and soul of economic accounting, which is no longer economic accounting but is merely operating in the manner of a guild. To engage in commerce apart from planning is to separate oneself from socialist guidelines and stress the governing role of the law of value and the free market. In actuality there exists the tendency to only stress commerce and accounting in carrying out joint operations, economic alliances, and exporting-importing, without making the attainment of plan norms the struggle goal. There are even instances of the violation of social benefit, competition in buying and selling, raising prices, elbowing aside the other

units, etc. Therefore, it is necessary to stress combining planning with economic accounting and socialist commerce. Every plan of basic units, of each sector and locality, and of the nation must be flexible and include economic accounting and socialist commerce modes which bring about the greatest economic-social effectiveness under all specific conditions, in order to completely overcome the disease of bureaucratic subsidy administration in planning. Thus all economic accounting and socialist commerce activities are included in the plans of each unit, sector, and locality by means of many different formulas: some activities are directly governed by legal norms and others are governed by economic lever policies which are in the orbit of planning and are appropriate to the economic components which still exist objectively in the initial phase of the period of transition.

The combining of planning with economic accounting and socialist commerce must also be done flexibly. In that task the harmonious combination of the economic benefits has an objective nature in the initial phase of the period of transition. We emphasize that the harmonious combination of the various kinds of benefits will be a motive force which causes all echelons, sectors, and workers to produce and work with increasingly greater effectiveness, to day and night think about and seek new, more effective working methods so that commerce can attain better results. It is necessary to overcome the disease of bureaucratic centralism and disregarding the interests of the workers, the basic units, and the localities. It is also necessary to criticize the diseases of partialism, localism, guildism, and individualism, and of only being concerned about the interests of the collective, the locality, and the workers, while harming the interests of the nation. Paying adequate attention to and harmoniously combining the various kinds of economic interests is an especially important direction for drafting good plans, ensuring that plans are truly the center of the economic management mechanism, and closely combining planning with economic accounting and socialist commerce.

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ECONOMIC PLANNING, TRADE AND FINANCE

RELATION OF MATERIALS TO PRODUCT QUALITY DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 12 Oct 84 p 2

[Article by Engineer Le Ngoc Hoan of the Municipal General Materials Corporation: "Product Quality and the Mission of Improving the Supplying of Materials"]

[Text] At present, materials are practically the foremost factor of production and are also an extremely important factor in improving product quality. Recently the newspaper SAIGON GIAI PHONG organized a seminar to launch a campaign to improve the quality of industrial and small industry-handicrafts production in the city in order to do a better job of meeting the requirements of agricultural production, consumption, and export. Comrade Le Van Triet, Vice Chairman of the Municipal People's Committee, stressed that "The campaign to improve the quality of products in the city organized by SAIGON GIAI PHONG is truly significant and timely and fulfills the needs of all people and all circles, from production to consumption." People who are engaged in production bear the designation "rear services for production" and cannot but be concerned with this "burning" topic. How have materials affected product quality? It may be said that materials affect product quality in many different ways, both large and small and both directly and indirectly.

How does the supplying of materials affect product quality?

1. The supplying of materials not of the proper kinds and specifications: At present, there are many instances of units receiving materials in the full amounts called for by contracts but which are not appropriate with regard to types and specifications. The steel received is smaller or larger; 6302 size ballbearings must be used but size 6301 or 6304 bearings are received; carbon steel should be used but it must be replaced by steel alloys, and when possible must be replaced by ordinary steel. In production, when the types and specifications of materials change designs and even technical operations must sometimes be changed. If steel of a larger size is used the cutting and planing operations must be increased. If alloy steel is used in place of carbon steel difficulties are also encountered with regard to technical operations, and if carbon steel is replaced with ordinary steel, steel with a corresponding carbon content may be selected but the other components cannot be controlled and the tensile strength cannot be assured, so product quality is affected.



2. Materials are not supplied on time. Some people believe that tardiness in supplying materials affects the quantity of products produced but does not affect product quality. It is not that simple. The industrial processes require a certain amount of time. In some cases the semifinished products must be fermented or seasoned for a rather long time. If materials are supplied late and at the last minute, then the production plan is not attained and the technical regulations are violated in a race with time, so how could product quality not but be affected? That is not to mention the situation of laxness during the first part of the year and hastiness at the end of the year, so that in November and December the factory produces three shifts and both people and equipment work continually, night and day, in pursuit of the plan. The quality norms must also be compromised.

3. Materials supplied do not meet quality standards. Cement is lumpy, chemicals in powder form flow out but chemicals in liquid form clog up, optical equipment mildews, iron and steel rust, sometimes in layers several millimeters thick, paint decomposes, etc. We often encountered such things in all warehouse. In the main warehouse of a sector (which has since undergone good transformations in its warehouse work and in storing materials and technical equipment), of a total of 16,000 products under its management nearly 5,000 were deficient and of poor quality. When materials are delivered both the supplier and the receiver are aware of the quality situation but because of the shortage of materials and of the pursuit of quantity quality must be relaxed.

#### The Reasons

The shortage of materials is a difficulty that will persist for a long time, but let us seek the subjective reasons so that we can gradually overcome the supplying of materials in a manner that does not meet the schedule, specifications, type, and quality, and truly contribute to the campaign to improve the quality of the city's industrial and small industry-handicraft products.

1. Production plans are not yet based on the actual materials capabilities. The situation of basing plans on the previous year's plan plus the increased production, in accordance with a certain ratio, still exists. Materials inventorying is still very weak and the relationship between the planning organ and the materials organ is not truly tight, so the plans that are drafted are not actually based on materials capabilities. At present, there are types of materials which are in very short supply in comparison to the plan needs. The situation of "making both ends meet" will continue to occur frequently, so both the quantity and quality of products will continue to be threatened.

2. A better job must be done of implementing the system of contracts for supplying technical materials. Materials supply contracts are the legal bases on which the materials supply organs and the consuming organs enforce responsibilities to each other in order to ensure that the production needs are met. With the implementation of Decree 54-CP of the Council of Ministers, which promulgated the statutes and regulations regarding economic contracts, at present the supplying of materials in the city is carried out on the basis of contracts. That is a good transformation in comparison to past years and

serves to heighten the responsibility of the two contractual parties. As stipulated by regulations, contracts must include all principal clauses, such as quantity, quality, prices delivery, payment, etc. At present, however, there are still contracts which do not fully implement those contents. For example, contracts for the supplying of steel stipulate only quantity and not specific specifications. Contracts for the supplying of ballbearings and innertubes sometimes do not have addendums regarding specifications and the other contents are even more lax. The implementation of contracts is still arbitrary, many contracts are not fulfilled in accordance with regulations, responsibilities are not clearly stipulated, and the situation of "indulgence" is still quite widespread. Would anyone who "complained" to the supply organ still be able to "earn a living?" For that reason the effect of the materials supply contracts is still very limited.

3. Warehouse management and technical materials storage have affected the quality of materials and have thus directly affected product quality. When cement becomes lumpy how can the quality of construction projects be ensured? If yeast agglomerates and deteriorates, that will of course lead to the situation of affecting products which use yeast as a raw material, etc. What is the present status of warehouse management and the storage of technical materials? It may be said that in addition to the good transformations (still too few), in a few sectors the warehouse systems have been planned and refurbished, the reorganization of technical materials has begun to receive attention, and the regulations regarding the storage of materials have been applied and have attained very encouraging results. But it is regrettable that those results have not been expanded. Many instances of inorganic fertilizer having to be poured into piles in places with standing water because of a lack of bags; of bags of chemicals being immersed in water; of equipment, machinery, and materials being left exposed to the elements; and of metals, chemicals, and equipment in warehouses being mixed together and items made of leather and rubber being placed on damp floors without pallets, etc., can still be seen here and there. Warehouse management and the storage of technical materials is still beset with those limitations for the following reasons:

First, there are many deficiencies regarding material-technical bases which still have not been overcome. In the system of warehouses in the city, nearly all of the warehouses, except for some newly constructed ones, fail to meet specifications because buildings which are not warehouses are used as warehouses and they have not been suitably remodeled. When the doors of some warehouses are opened hot air sufficient to make people feel uncomfortable rushes out, so how could there be any "ventilation," a basic requirement of any warehouse? In some precinct and materials enterprises goods must be piled up in offices, on sidewalks, in corridors, etc., so how can they be maintained and protected? There is a similar situation with regard to the storage and maintenance of technical materials.

Second, the regulations regarding warehouse management and the maintenance of technical materials, from disseminating knowledge and carrying out the work to inspection and supervision, have not been strictly observed.

Third, nearly all of the cadres doing warehouse management and technical equipment maintenance work have little technical and professional knowledge and seldom receive supplementary training. At the main warehouse of a sector directly under the municipal level, which manages many types of technical materials valued at 20 to 30 million dong, not one of the more than 40 cadres and personnel, from the director down to the warehouse keepers and assistant keepers, has been trained in a school or has received supplementary professional training, even a short-term course. As is true with regard to all other kinds of work, if the people doing warehouse management and technical materials management work do not have specialized training and capability (of course, there are other factors) they not only cannot fulfill their missions but may sometimes cause damage.

Only by strengthening the material-technical bases, improving the quality of cadres, and promoting the observance of regulations on the basis of adequate attention by the leadership echelons can the warehouse management and technical materials maintenance work undergo the necessary transformation, ensure the quantity and quality of materials, and contribute to improving product quality.

After studying Resolution No 6, the Municipal General Materials Corporation and the materials corporations of the precincts and districts are preparing action programs to ensure that the sector carries out its task of supplying materials in accordance with the "five corrects": "quantity, quality, price, location, and time." If that is accomplished they are certain to contribute in a practical manner to the campaign to improve the quality of the city's industrial and small industry-handicrafts products.

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ECONOMIC PLANNING, TRADE AND FINANCE

STATE, PRIVATE RESTAURANT OWNERS COOPERATE IN BUSINESS

Hanoi NHAN DAN in Vietnamese 28 Nov 84 p 3

[Article by Le Huyen Thong: "Business Cooperation -- a Transformation Form That Is Tied in With Management in the Restaurant Sector"]

[Text] Persuasion by Acutality

"When we first participated in business cooperation my wife was concerned about many things. Would our living standard be maintained? How would the state distribute profits? Would we lose our house? Would the tax level be high or low? How about the future? There were so many concerns and torments."

Mr. Ngo Cu Minh, owner of the famous! Thuan Kieu broken rice restaurant in Precinct 11, began his account by bringing up that matter to express his sentiments to more than 100 big businessmen in the restaurant business who were invited by the Municipal Industrial-Commercial Liaison Committee to a recent meeting to exchange opinions regarding the policy of business cooperation. Mr. Minh continued:

"After more than a year of working with the state we are more at ease. I am now the manager of the restaurant and am in charge of 21 employees. Of that total, three are state employees: a cadre who serves as the assistant manager, an accountant, and a person who sells cooked rice. I receive a salary of 3,000 dong a month. My wife, who is chief cook, receives 5,000 dong a month. Including both salaries and profits, my family receives about 20,000 dong a month. That's enough to live on. Each of the service workers and waiters earn more than 1,000 dong a month. Thanks to a welfare fund the workers are also able to take a vacation at Vung Tau. During the past several months their incomes have been higher.

One participant stood up and asked, "Why did your restaurant's income increase?" "Sir, our condition has improved because after undertaking joint operations with the state we had more customers and higher income. At first even we were surprised by that."

Mr. Minh took out a ledger and clearly read to the conference the monthly income figures. In August 1983, when the joint operation began, the income was 419,000 dong. A year later, in May 1984, it was 680,000 dong. In August 1984 the income was more than 800,000 dong and in October it was 1.4 million dong.

Mr. Minh affirmed that "I've owned the restaurant more than 20 years but never have we had so many customers."

"So you have no doubts and have encountered no problems?" asked the owner of a famous noodle soup restaurant in Precinct 6.

Mr. Minh smiled and answered frankly: "The first 2 months were difficult and the ideological struggle was very fierce. In the past I decided how much to buy and the prices, and controlled the profits. But now the items purchased had to be weighed and the accountant recorded the figures in a ledger and monitored and kept accounting figures on each item on the menu. Especially, the receipts were recorded on bills of sale, were recorded in the ledger, and then deposited in the account. I was both angry and resentful. We felt as if someone was taking our money. Sometimes both of us cried. But we gradually became accustomed to the new way. Now we feel comfortable and can accept socialism. Truthfully, nothing is more persuasive than real life. Of course, our family income is less but our living standard and livelihood are stable and our political position is assured. We think that in view of the common difficulties of the nation our living standard should not be much higher than average. We are proud to contribute to increasing the state's funds. We will try our best to cook really delicious food and do our utmost so that we can have more and more customers and high income, for only then can both the state and our family earn a profit."

Following Mr. Minh, the owners of the Chi Tai, Dong Phat, and Luu Hua restaurants and a number of other participants discussed the advantages, difficulties, and results of cooperating with the state in business.

A comrade representing the Municipal Catering-Hotel Bureau reported on and clarified the temporary decision of the Municipal People's Committee regarding the organization and activity of restaurants cooperating with the state in doing business. Thus the city as a whole has transformed more than 150 restaurateurs in the Class A commercial tax bracket (out of a total of nearly 400), of whom 50 have been transferred directly to a state-owned status. Nearly 100 others are cooperating commercially with the state and have attained initial results. That is both a form of gradual transformation and a form of management by sector, one which is appropriate to the economic situation in Ho Chi Minh City.

### Principles and Conditions

In Ho Chi Minh city there are 30,000 large and small restaurateurs. Which of them are organized to cooperate commercially with the state? According to the decision of the Municipal People's Committee, they are people who have permits to do business, have a commercial scale that puts them in the Class A commercial tax bracket, are skilled, and have business experience. By the end of this December the city will have completed the organization of cooperation among all merchants in that category, some of whom have applied to be transferred directly to a state-owned status. Restaurants participating in restaurant business cooperation include, on the one hand, the Restaurant Business Corporation of the Municipal Catering-Hotel Service or the catering



corporations of the precinct or district people's committees (restaurant sector corporation) and, on the other hand, individuals or shareholders of a private restaurant currently in business, who contribute capital and bring the restaurant into cooperation with the state, with which they share commercial management and share profits and losses. The jointly operated restaurants are sponsored by the state, operate under the guidance of the managing unit, and must fully observe the current regulations as stipulated by the state.

We made enquiries at the jointly operated Chi Tai and My Le Tan restaurants in Precinct 1 and the Nang Xi, Phu Ky, Dong Nguyen, and Hue Vien restaurants in Precinct 5 and found that the foremost worries and concerns of the former owners were the contribution of capital and the distribution of profits. In other words, the state must have a good policy and satisfactorily resolve such problems as the appraisal of property, the mobilization of capital, the formula for dividing profits, the use of skills, and the calculation of income taxes. According to the experience of such places, the application of transitional economic forms in socialist transformation must be accompanied by ensuring harmony between the interests of the state and those of the individual, in the direction of ensuring much benefit for socialism. Therefore it is necessary to avoid both tendencies: undisciplined implementation which relaxes transformation in the utilization process, and not taking into consideration the correlation of forces but being impatient and only emphasizing the elimination of the old production relations, without taking into consideration the necessity and possibility of fully utilizing their capital, techniques, and skills. The interesting thing here is that after trial implementation in a number of representative restaurants the city promptly learned lessons and made changes, so that the policy could be perfected, achieve results, and fulfill both the economic and the social requirements. According to comrade Bay Du, Vice Chairman of the Standing Committee of the Municipal People's Committee, the contributed capital, whether money or goods, is appraised in terms of money and distribution between the individual and the state is not necessarily even.

I asked, "Are commercial facilities and the restaurant considered contributed capital?" The comrade representing the Standing Committee of the Ho Chi Minh City Municipal People's Committee replied, "The commercial facilities of the private owners which are being used in the business are not considered commercial cooperation capital. Depending on the remaining utilization value and the price policy (as stipulated by the Municipal People's Committee), the person participating in commercial cooperation is gradually repaid. Those installment payments are deducted from the profits set aside for the business development fund. They are paid every month or quarter as books are balanced, until the full amount is paid. As for the restaurant, if it is a building legally owned by the private owner the commercial area of the restaurant participating in commercial cooperation is paid for at a negotiated price. If the building is owned by the state the district or municipal real estate management organ is reimbursed for the commercial area at a price determined by the state. If the building has been illegally taken over, purchased, or leased it is recovered by the state. Private owners and workers are considered for acceptance as salaried state employees on a case-by-case basis.

We learned that the L. T. restaurant in Precinct 1 in a month of commercial cooperation earned a profit of 67,716 dong. Of that total, 6,770 dong were set aside for the two 10 percent funds, 3,385 (5 percent) were set aside to repay capital, and 57,560 dong were distributed as profits (the precinct catering corporation received 28,780 dong and the private merchant received 28,780 dong).

Of the profit distributed to the private merchant, 20,722 dong were paid in income taxes, which left 8,058 dong.

The former owner received the following income: distributed profits, 8,058 dong; salary, 3,472 dong; and rent, 2,000 dong, a total of 13,530 dong.

The state's income, 121,628 dong, included the following: business tax, 72,120 dong; distributed profits, 28,780 dong; income tax, 20,722 dong.

Thus the restaurant had to settle accounts every month, quarter, and year.

After deducting business expenses, taxes, and the other obligations stipulated by the state, the profits were distributed as follows:

Between 10 and 12 percent went to the business development fund, which is used to buy business equipment, build material bases, and expand the business. The social security fund received 2 percent, the collective welfare fund received 3 percent, and the bonus fund received 2 percent. The sum submitted to the next highest echelon of the sector amounted to 1 percent. The remaining profits were divided among the shareholders of the business cooperative, depending on the ratio of contributed capital.

In general, after entering into joint operations with the state 25 restaurants in precincts 1, 5, and 4 and in Thu Duc District paid more industrial-commercial taxes than in the past, especially commercial income taxes. In many instances tax payments were two or three times greater than when the businesses were operated individually. For example, the Chi Tai restaurant declared a business income of 540,000 dong, but after it was jointly operated the declared income increased to nearly 1.5 million dong a month, so commercial taxes also increased three-fold. Previously the Hue Vien restaurant in Subward 3, Precinct 5 declared an income of 63,000 dong, but its income now amounts to 270,000 dong a month. Clearly, commercial taxes have increased many times over because of the development of business after entering into operations with the state, and in part because in the past the private businessmen concealed some of their monthly income.

With regard to the commercial cooperation restaurants the commercial tax policy is applied as follows:

The licence tax, collected according to the current regulations.

The commercial income tax is collected as follows:

-- A tax of 8 percent is collected on income from sales of high-class menu items.



-- A tax of 6 percent is collected on income from sales of ordinary menu items.

#### Income taxes:

-- The entire amount of the profits distributed to shares held by the state goes to the state budget.

-- Income taxes must be paid on profits distributed to private shareholders. Salaries and bonuses paid to private shareholders are not included in distributed profits and are not subject to the income tax. Profits of 8,000 dong or less per month distributed to shareholders are temporarily exempted from income taxes. On distributed profits of more than 8,000 dong a month the income tax is imposed only on the amount that exceeds the current tax bracket, the amount of tax that must be paid is reduced by 10 percent, and the maximum tax rate applied is 60 percent.

The city also fully implements the system of exemptions from and reductions of the industrial-commercial taxes in cases in cases in which difficulties are encountered.

#### A Matter of Decisive Significance

In implementing commercial cooperation a number of problems have been posed, especially the selection and training of cadres. There are also some jointly operated restaurants which are not as profitable as in the past. One of the principal reasons is that the cadres cannot develop their role in participating in management along with the former owner. The process of joint operations demands that the ability, and especially the moral quality, of those cadres correspond to the new situation. They must both have knowledge of business and correctly observe the principles and laws of the state.

Each of the commercial cooperation restaurants is managed by a management committee appointed by the managing unit. It includes the restaurant manager, the assistant manager, and the chief accountant. Depending on his management knowledge and ability, the former owner may be the manager or the assistant manager. The chief accountant must be appointed by the managing organ. Something that must receive attention is that in order to utilize the transitional economic forms well, such joint operations must be based on and correctly implement the following principle: Doing business according to plan and in correct accordance with state laws, under the control of state commerce and with the supervision of the functional organs.

Attaining that principle is a process of training, supplementing, and using cadres and creating conditions for the former owners to become workers in the new society.

5616

CSO: 4209/134

AGRICULTURE

STATE FORESTRY URGED TO IMPROVE EFFECTIVENESS

Hanoi NHAN DAN in Vietnamese 17 Nov 84 pp 1,4

[Editorial: "Boost the Operational Effectiveness of State Lumber Camps"]

[Text] State forestry has the guiding role and position vis-a-vis our country's forestry and is comprised of forestry-agriculture-industry federations, state forests, corporations, enterprises and a corporation producing and supplying timber for mine pillars which operates like a federation. Through the long process of building and strengthening, state forests have matured. Annually, these state installations cut and supply millions of cubic meters of timber, several million stalks of regular bamboo and slender, long-sectioned bamboo, and many forestry and specialized forestry products. Afforestation also has made progress; the forestry area planted is growing larger and larger and quality is improving more and more. Many technical advancements are being applied in production. From grant management initially, virtually all state forests are now not financed by the state and fairly many are operating smoothly, making profits, and carrying out combined agriculture-forestry or combined forestry-agriculture which is bringing many results. In state forestry installations there has been a network of material installations with a great deal of machinery and equipment for our socialist forestry.

Through production and business operations, however, fairly many shortcomings and weaknesses are revealed in state forestry. Many state forests do not devote attention to replenishing the forests, looking only to immediate not long-term profits. Technical regulations are not fully applied. The percentage of felled timber used remains low. When construction began, raw forestry materials in a number of state forests were plentiful, but the greenery has gradually shrunk and barren hills have expanded following a decade of cutting. Afforestation efforts are achieving poor results. There are areas in many state forests which have been planted over and over again many times without creating forests. In some provinces recording 15 years of afforestation the percentage of forests created is only 46 percent of the area planted -- and only 26 percent after 20 years. This situation has persisted for many years. In recent years the quality of forests planted has risen fairly substantially and the percentage of living trees and forests created has been higher. Many places have, through experiments and research, identified suitable crop groups.

Developing strengths, overcoming the aforementioned shortcomings, and making it possible for the operations of state forests to bring high economic results and

play the key role in all the operations of the forestry field are an important task. State lumber camps must unceasingly go all-out to become the technical center and have effect in guiding, directing, and helping the forestry economy of cooperatives and production collectives, and the family economy.

First of all, we must stabilize the forestry parts. On the basis of identifying land, formulate economic-technical dialectics and conduct production according to projects and plans. Cutting must absolutely be done according to technical regulations. Each state forest must be the nucleus contributing to conservation and the business of the 7.8 million hectares of existing forest for increasingly higher economic effectiveness, ensuring supply for the construction requirements of the country and a portion of the people's consumer needs.

Together with protecting the remaining forest, afforestation is a very important task, and there must be plans to actively cover in green 13.8 million hectares of vacant land and barren hills and mountains. This tremendous job is shared by all the people and army, but state lumber camps must actively carry out afforestation, ensure plantings have a high rate of survivability and that the area planted becomes forests, and serve as the example for the afforestation effort of the entire country.

State lumber camps, depending on their own conditions and specific capabilities, closely integrate forestry with agriculture and pisciculture in order to combine the use of the land and contribute to increasing products and improving the life of cadres and workers.

Rapidly change the management structure, vigorously shift to socialist business, represented in planning and economic accountability efforts, perfect a step the system of setting economic-technical norms, and adjust product contract work in all segments so labor productivity rises and business effectiveness gets greater every day.

Gradually carry out decentralization of state forests to districts having sufficient conditions to carry on production and business. In districts still rich in raw forestry materials (approximately 100 districts) but scarce labor and land, attract tribesmen to work in the forests through many forms, including recruitment as state employees and contracting to cooperatives, production collectives, and family households to do forestry work so the compatriots are settled and living conditions and forestry conservation are assured.

Each state forestry unit must exert its utmost efforts, become model units in socialist business typifying each area and locality, satisfactorily carry out management of the forestry business, increase positive effects on the cooperatives and people, unceasingly improve production techniques, labor productivity and business effectiveness, protect existing forests, and rapidly cover in green vacant land and barren hills and mountains.

6915  
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AGRICULTURE

CORPORATIONS, MILITARY COMBAT EFFECTS OF HEAVY FLOODING

Hanoi NHAN DAN in Vietnamese 17 Nov 84 pp 1,4

[Article: "Agricultural Technical Services Sectors Supply Many Rice Varieties and Subsidiary Food Crops to Waterlogged and Flooded Localities; Light Industry Sector Actively Overcomes Flood Effects, Many Factories Return to Normal Operations"]

[Text] With a view to quickly helping localities resume production early, production management and guidance units and agricultural technical services sectors such as the General Corporation for Agricultural Materials, the Department of Vegetation Conservation, the Central Crop Varieties Corporation, the Central Vegetable and Fruit Corporation, etc., of the Ministry of Agriculture, have reassessed the damages suffered by the localities, stations, farms, and state farms directly subordinate to the ministry during the recent storms; determined the direction for technical guidance and things needed to help the localities overcome the effects consistent with the actual situation in each place. Through this, they have promptly adjusted the plan to supply seeds and material in keeping with the requirements of the localities.

The Central Crop Varieties Corporation has distributed to the provinces in the flooded area more than 300 tons of the Nong Nghiep 8 rice variety and 30 tons of corn of the VMI variety, and is preparing to supply 200 additional tons of the CR203 rice variety. The Central Vegetable and Fruit Corporation has prepared 25 tons of vegetables of various types and notified the provinces to come and pick it up for prompt planting after the water recedes. The agricultural materials sector is readjusting the material supply plan in terms of amounts and schedules to conform to the change brought about in the localities due to the storms. Such sectors as livestock raising, veterinary medicine, and vegetation conservation also are actively preparing fodder, medicine for the treatment and prevention of disease for livestock, veterinary equipment, insecticide and equipment to eradicate harmful insects and disease in order to be ready to meet the requirements of the flooded localities.

In addition to creating specific, essential conditions for helping the localities to work on this winter crop and winter-spring crop, agricultural technical services sectors also have formulated plans to prepare varieties for the coming tenth-month crop. The Central Crop Varieties Corporation and the Central Vegetable and Fruit Corporation are discussing measures for boosting the level of procurement of various types of summer-autumn and tenth-month rice varieties and subsidiary food crops in areas not hit by the storms in order to store them for later supply to flooded localities.



During the recent rainy, stormy days, many production installations of the light industry sector in Hanoi, Hai Hung, Ha Nam Ninh, Ha Son Binh, and the midland provinces sustained fairly serious damage. Virtually all the workshops, warehouses, fields, and cadre and worker collective zones of the soap factory, the Rang Dong Light Bulb and Thermos Bottle Factory, the Thang Long Thread, Industrial Clothing and Tailor Factory, the Export Leather Shoe Factory, the Quang Trung Machine Works, the Van Diem Paper Mill, etc., were flooded. The 8-3 Textile Mill and the Quang Trung Machine Works, places which are low and flat, were deeply inundated in meters of water and suffered the most serious damage. Thread workshop A of the 8-3 Mill has 500 electric motors, 40 percent of which were inundated. All the brushing equipment, jointers, faucets, and spindles of various types are soaked and must be put back into condition and taken care of before production can resume. By the afternoon of 14 November, the entire flat area of the Quang Trung Machine Works still lay deep under more than a meter of water. All the industrial machinery, electric motors, and material storages for production and construction are flooded. The amount of damage here generally approaches several million dong.

To overcome the aforementioned damage, the light industry sector, from the ministry to federations of enterprises and corporations, is pooling manpower and machinery to help production installations quickly overcome difficulties and restore production to normal operations. Thousands of electric motors and control panels have been dried out and put into operation. Textile mills are assigning people to deliver transportation equipment, technical materials, money and rice to help the 8-3 Textile Mill and the Dong Xuan Knitting Mill restore production, restore raw materials and damaged products, and stabilize the life of the workers. The Ministry of Light Industry and many factories in the sector are delivering transportation equipment and containers to help the Quang Trung Machine Works move equipment, material, and electric motors to servicing areas so it can resume production when the water recedes. Material supply agencies are working round the clock and reducing unessential procedures to provide emergency materials such as light bulbs, coal, oil, and electric wire and promptly support efforts to overcome the effects of the natural disaster in production installations. With the spirit of rapidly overcoming setbacks, many factories have so far either returned operations to normal or are operating partially.

#### The Capital Armed Forces Participate in Overcoming the Effects of Flooding

To promptly contribute to overcoming the effects of the rains and floods, immediately on 10 November, the Capital Military Region Military Council directed the capital armed forces and army units stationed in the Hanoi area to concentrate forces and equipment to transport the goods and property of the state, factories, localities, and people to safe places; to help the people harvest the tenth-month rice; to repair storage facilities and schools, and perform sanitation work on the streets; to coordinate with the public security forces in conducting patrols and preserving political security and social order.

To carry out directives and orders, deputy commanders together with cadres from organizations in the Capital Military Region went immediately to the areas to direct the units at work. Cadres and soldiers of unit 7, together with engineer troops, transported hundreds of tons of rice from the Dinh Cong granary to a safe

place immediately on the night of 10 November. Concentrating forces and equipment, unit B01 helped the people of Soc Son District to quickly and systematically harvest more than 200 hectares of tenth-month rice. Along with dispatching the army forces of unit N4 and reconnaissance troops, the Capital Military Region headquarters recommended that the Ministry of National Defense dispatch the troops of the Military Victory Group to help the people from villages in Dong Anh District harvest nearly 500 hectares of flooded rice. In coordination with the militia from the villages, troops from unit B54 helped the people from Ba Vi District harvest more than 100 hectares of rice and quickly drain off water to plant winter vegetables and subsidiary food crops.

In the days past, tens of thousands of Hanoi militia and self-defense forces have stayed at factories and units round the clock to perform tasks to overcome the effects of the flooding and to put installations into operation. To normalize the life of the people, the capital armed forces together with the localities are organizing sanitation work and repairing homes and schools wherever water has receded.

Troop units in coordination with public security, militia, self-defense and youth forces have been conducting patrols night and day to preserve security, order, and safety during the rain and flooding as well as during the process of overcoming the effects of the flooding.

6915

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AGRICULTURE

REASONS FOR RICE YIELD DECLINE IN KIEN AN DISTRICT DISCUSSED

Hanoi NHAN DAN in Vietnamese 3 Dec 84 p 2

[Article by Tran Hung: "Why Have Rice Yields in Kien An Stood Still?"]

[Text] In 1980 the average rice yield of Kien An District (Hai Phong) was only 39.61 quintals per hectare. In 1981 and 1982 it increased greatly, to 51.50 quintals and then 62.58 quintals. In 1982 the yield edged up to 62.73 quintals. But this year the average rice yield in the district was only about 60 quintals per hectare. The same is true with regard to paddy output. In 1982, the high point since the beginning of the 5-year plan, the output amounted to 39,771 tons. According to an estimate by the Vice Chairman of the District People's Committee, this year the paddy output can at best amount to only a little more than 37,000 tons, 2,000 tons fewer than the 1982-1983 period. The subsidiary food crop output reached the highest point in 1981 -- 3,634 tons in paddy equivalent -- then gradually fell to 2,865 tons in 1982 and nearly 1,000 tons in 1983. According to estimates, this year the subsidiary food crop output will fall even more.

The above data show that since 1982 the rice yield in Kien An has practically stood still and the over-all grain output has, in general, tended to decline. What are the reasons? In the course of exchanging opinions and working with the Vice Chairman of the District People's Committee in charge of agriculture, we agreed on the following opinion: rice yields have not increased because of a combination of many reasons, some of which are objective factors and some of which are subjective factors. During this year's fifth month-spring season, under the same severe weather conditions the yields of nine cooperatives declined but 10 cooperatives had higher yields than during last year's fifth month-spring season. Therefore, in the scope of this article we will only bring up and stress the subjective reasons for the situation of rice yields not increasing.

Material-Technical Bases Have Not Met the Requirements of Intensive Cultivation

The cultivated land in Kien An includes many low-lying areas and some of the land is acidic and saline, so in past years rice yields have been low and unstable. Between 1980 and 1982 the implementation of the municipality's "sweetening" policy oriented agricultural production toward intensive cultivation and increased crop yields. With considerable investment by the central level and the municipality, and contributions by the local people, Kien



An constructed a series of water conservancy projects to serve production. Such large projects as the Trung Trang sluice, which brought in irrigation water for Kien An and Do Son districts, such medium and small district-level projects as the Kien Con, Tay, Ham Long, Bach Cau, Song, Goc De, and Truong son sluices, and dozens of large and small electric-powered pumping stations essentially provided sufficient water to irrigate 6,400 hectares of rice in the district. At the same time, the product contracting mechanism was applied extensively, which created a new labor spirit in the fields and agricultural cooperatives. Two basic factors were the changing of the management mechanism and the strengthening of the material-technical bases, which created conditions for agricultural production in Kien An between 1980 and 1982 to take a rather long step forward.

Rice yields and output in Kien An underwent new development and then slowed down to the degree and at the time mentioned above. The fact that the material-technical bases have not met the requirements of intensive cultivation is one of the basic reasons. According to an evaluation by the district, nearly all of the water conservancy projects serving agricultural production, especially those built in the past, have due to inappropriate management and use fallen into disrepair, which has limited the results of irrigation and drainage. According to the director of the irrigation corporation of Kien An District, income from the collection of water conservancy fees is not even sufficient to pay for electricity to run the pumps, so how can money be raised to invest in repairing the installations? If careful calculations are made it is evident that the key installations provide sufficient irrigation water, but nearly all of the sluice gates and systems of drainage canals and ditches are slow to be repaired and are not continually maintained, so many of them are in poor condition and have little effect on the regulation of water. Supplies of electricity and oil are usually insufficient and the systems of area dikes and field dikes are of poor quality, which causes them to lose their effect in retaining water between the high-lying areas and the low-lying areas; water overflows the dikes and is wasted, and the effectiveness of irrigation and drainage clearly declines. Failure of the water conservancy work to meet the requirements has limited investment in the intensive cultivation of rice, especially in the low-lying and flat areas. Practically none of those areas use manure and chemical fertilizer is not applied in balanced proportions: there is sufficient nitrogen but there is little phosphorous and no potassium. In 1984, according to the plan the district should have spread 1,400 tons of phosphate fertilizer but it was supplied only 500 tons. Thus the quality of the cultivated land was not improved.

#### The Introduction of Technical Advances to Production is Still Slow

During the past several years, at a time when the movement to rapidly introduce technical advances to production has been stressed and promoted in the agricultural cooperatives in the north, in Kien An District that task has been carried out slowly. Rice varieties which during experimental plantings have attained much higher yields than the varieties the district is now growing have not been expanded so that they gradually replace the old varieties. The BR52 rice variety, which was grown on a trial basis in low-lying, flat fields in the district and provided yields of 35 to 40 quintals per hectare, was selected to replace the "moc tuyen" variety, which provided yields of only a little more

than 20 quintals per hectare. The district invited the directors of the cooperatives to visit the Truong Thanh cooperative so that they could compare that variety with the "moc tuyen" variety. Everyone observed those results and during the recent 10th month season the district purchased 110 tons of seeds and intended to expand the area planted in that variety to 2,000 hectares. But in the end the cooperatives only expanded the area to 510 hectares. The Tan Vien cooperative planted 110 hectares and has prospects for attaining a yield of 40 quintals. The same is true with regard to CR 203 variety, which is a rice variety with good resistance to leafhoppers and provides high yields. It was first planted during last year's 10th month season and was to have been expanded during this year's 10th month season but it too was limited to a few hundred hectares. During the fifth month-spring season the spring No 2 variety, which had been grown experimentally for two seasons and provided yields of five to seven tons per hectare, was expanded to only 600 hectares, nearly 10 percent of the cultivated area. Meanwhile, variety 424, which had become interbred, was still selected as the main variety!

The custom of sparse transplanting is still a strong tendency on the part of cooperative members in nearly all cooperatives in the district. In the past, the cooperative members transplanted with a density of only 25 to 28 clusters per square meter. During the past several years the municipality and district have guided and campaigned very vigorously, but during this year's fifth month-spring season the planting density was only 30 to 32 clusters per square meter, less than the planting density called for by the new intensive cultivation requirements.

#### Guidance is Not Concentrated and Resolute

Since the cooperatives began to apply the system of contracting out final output to groups and individual workers, in general the workers have been encouraged to develop production, but in the opinion of the Vice Chairman of the District Party Committee the specialized units in the cooperatives have been neglected to a degree. Furthermore, guidance at both the district and the cooperative levels has not been close and appropriate, and there has been supervision and admonishment but a lack of continuous control. The district level has not yet met the production needs of the basic level, especially the various kinds of materials, fertilizers, insecticides, etc.

Although they have the same natural conditions, some cooperatives are dynamic in production and are quick to adopt new things have increased yields and output, while in some other cooperatives yields decline. But the district has not yet paid attention to analyzing the reasons and creating models in order to attain uniformity in all areas and in the basic units in the district. During this year's fifth month-spring season the Thuong Tho cooperative attained a yield of 40.54 quintals per hectare, an increase over the same season last year of 5.47 quintals and an increase of nearly 8 quintals per hectare over the district's average yield. On the other hand, the Ngoc Son cooperative, the yield of which fell by 9.5 quintals per hectare, was the unit with the greatest decline in yield among nine cooperatives with lower yields than during last year's fifth month-spring season. Truong Tho attained those results became the cooperative closely combined product contracting out with emphasis on

introducing the new high-yield rice varieties to production and providing close guidance in each production phase.

#### Recommendations From the Basic Level

Of the cooperatives in which grain production has declined, some are weak and deficient and lack both material bases and capital. Those cooperatives cannot advance by themselves but need the support and assistance of the district and municipal levels by means of the policies of investing in advance or lending capital to create conditions for intensive cultivation and increasing crop yields. Although grain production is regarded as the most important mission, the material-technical bases invested in agriculture do not yet meet the requirements of production and there is still a shortage of many kinds of materials, such as fertilizer, electricity, POL, and insecticides. It must be ensured that materials are supplied in accordance with the plan, with regard to time, quantity, and quality.

Resolving the grain problem is an urgent mission of all echelons and relevant sectors. Only with the close guidance of the basic level by the upper level and the all-round coordination of the sectors, combined with the constant advance of all collective production units and the cooperative member masses, will it be possible to create combined strength with which to develop agricultural production solidly and comprehensively.

5616

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AGRICULTURE

FAMILY LOSES HARVEST TO INTEREST ON LOAN FROM COOPERATIVE

Hanoi NHAN DAN in Vietnamese 4 Dec 84 p 2

[Readers' Letters column by Do Chu and Xuan Giang, Phu Tho, Hanoi: "Let's Help One Another, Not Lend Money for Interest"]

[Text] In years past, rural life was a life of helping one another. When times were hard, persons who had money or rice loaned some to persons in need without ever charging them interest. However, in recent years, this neighborly spirit has been allowed to disappear in many localities. It is the policy of some villages to permit families that have surplus money or paddy to make interest bearing loans. What is to be criticized is the fact that some cadres and party members are also participating in this form of exploitation.

The Tich Giang Cooperative in Phu Tho District is also collecting interest on the balance of the paddy that cooperative members must deliver to meet their product contract quotas. One family has been in debt from one season to the next for several years now because it is short of help and has been unable to deliver all the paddy required under its contract. The paddy harvested is only enough to pay the annual interest charge to the cooperative. After harvesting their crops, they have no paddy left for themselves. As of this year, this family owed the cooperative 3 quintals of paddy, as a result of which it recently had to make an interest payment of 1 quintal.

When families are short of help or lack able-bodied labor, cooperatives should provide them with work in livestock production, work as warehouse security guards or work in the subsidiary trades in order to raise their income. If families still lack grain, the cooperative should appeal to its members to help one another or lend paddy to the families in need from its reserves with repayment made after the harvest but the cooperatives should not charge interest. When families of war dead, disabled veterans and troops lack food, the basic level government must apply the appropriate policy, sell them what they need to compensate and provide the members of the family with jobs that are reasonable and within their ability to perform.

7809

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## TRANSPORTATION AND COMMUNICATIONS

### ARTICLE CALLS FOR INCREASED TRANSPORTATION EFFICIENCY

Hanoi NHAN DAN in Vietnamese 4 Dec 84 p 2

[Article: "Economizing on Fuel in Vehicular Transportation"]

[Text] At a time when imported fuels only meet a small portion of the country's economic development needs, economizing on these fuels must be considered the foremost obligation and responsibility of those units that use these fuels.

The motor transport sector annually consumes a large quantity of fuel. Fuel costs are the largest component of the sector's production costs. For many years now, economizing on fuel has been the number one measure in reducing production costs and increasing transportation efficiency. In view of this, many motor transport enterprises have implemented and steadfastly adhered to three principal measures in order to save fuel. The first measure has been to organize transportation in an efficient manner in order to make greater use of transportation capacity by, for example, returning from destinations with another shipment, making increased use of truck capacity and increasing the number of trucks pulling trailers. The second measure has been to perform routine maintenance and repair work on means of transportation and improve both the driving skills and repair skills of workers. The third measure has been to provide stronger management by setting fuel consumption ceilings that are consistent with each vehicle, each type of vehicle, each trip and the various routes and lines, reorganize the allotment of fuel, institute accounting practices in the use of fuel and institute fair and timely rewards and penalties.

The measures described above have led to rather good results within a number of units. One motor transport corporation has managed to save 150 tons of fuel in 1 year. Many innovations, technological improvements and efficient practices have been widely applied. Generally speaking, however, appropriate attention is still not being given to economizing on fuel in motor transport. The measures mentioned above are not being implemented in a strict and regular manner. The objective reasons for this are that material-technical bases are still in short supply, vehicles are old and in need of much repair and roads are in poor condition. Although advances have been made in organization and management, there is still much that is being done in any manner that suits convenience and numerous loopholes remain. Within the individual motor



transport enterprise, especially the independent units, the management of fuel is not being carried out on the basis of a closed system encompassing everything from the receiving and distribution of fuel to the use of fuel and accounting. Unifying the management of the motor transport sector has had a very large impact upon the efficiency with which fuel is used, but certain limitations still exist. The motor transport forces that are not directly managed by the communications-transportation sector are still quite large. They account for three-fourths of the total number of vehicles and are scattered among many production and business units. The reassignment of transportation functions and management responsibilities has begun to reduce the number of trucks making long distance runs or following routes that parallel railroads or river routes and has gradually stabilized a number of routes and lines. However, the problem of trucks of various sectors and units being operated in a counter-productive manner or operating empty remains widespread. In motor transport, a 1 percent increase or decrease in capacity utilization in two-way transportation results in an increase or decrease of 0.6 to 0.7 percent in fuel consumption. There are still more than a few units that use vehicles in an uneconomical manner and consume fuel with very low efficiency. The motor transport forces of the central level, which were recently restructured, now have better technical conditions and relatively centralized management, control many sources of goods and although their utilization of transportation capacity is not high, their productivity per ton of capacity has risen to a point where it is nearly twice as high as that of the motor transport units managed by the other sectors.

Saving fuel in motor transport is a pressing requirement facing this transportation sector. Saving fuel requires that well coordinated, concrete measures be taken. It is necessary to gradually reorganize motor transport in a manner that is efficient and stabilize the transport operations on each line and within each area. Through unified management and dispatching by the communications-transportation sector and each locality, we must reduce the number of empty trucks in operation to the lowest possible level, increase the utilization of transportation capacity and reduce the use of trucks when other means of transportation are available. Uniform repair and maintenance regulations and fuel consumption ceilings must be established. A struggle must be waged to put an end to all theft and waste of fuel. On the other hand, attention must be given to repairing and upgrading bridges and roads. There are still many bumpy roads, roads in poor condition and potholes that significantly increase fuel consumption.

In management, it is necessary to devise and perfect a set of procedures for economizing on fuel that extends from the formulation of plans, the organizing of transportation, maintenance and repair work and technical inspections of means of transportation to statistical and accounting practices regarding fuel consumption for each vehicle and each trip. Here, foremost importance must be attached to improving the quality of vehicles and the driving skills of drivers.

Uncle Ho's teaching to "love your vehicle as you do your own child, value gasoline as though it were your own blood" must be foremost in the minds of those persons who directly manage the use of vehicles and equipment. All levels and sectors must display high responsibility in this work with a view toward utilizing means of transportation more efficiently and saving as much fuel as possible.

POPULATION, CUSTOMS AND CULTURE

BUDDHIST RELIGIOUS PRACTICE 'REFORMED' IN AN GIANG

Hanoi NHAN DAN in Vietnamese 17 Nov 84 p 3

[Article: "New Way of Life in An Giang"]

[Text] Mentioning An Giang, many people think of Sam Mountain, a beautiful view and a relatively famous historical site. But recently Sam Mountain has been connected with the "life principle" festival day, a superstitious day in nature. Buddhist pilgrims of both sexes pour in here to make obeisance, make offerings, beseech life's principles, pray for good luck, then "consult oracles," etc. Along with the superstitious ancestor worship, bands of thieves and individuals "groping for fish in muddy water" also move in to pick pockets and extort money from the people coming to the festival. Unable to let such a situation continue the An Giang culture and information sector, in association with circles and sectors, resolutely set out to reform the "life principle" festival day. The job was not easy because this festival day has existed for a fairly long time, creating a relatively large number of superstitious people and the habit of annually returning here to pray. Many measures (education, administration, laws, etc.) and, more importantly, the introduction of wholesome, progressive culture and art were used to take over and drive out instances of superstition. Now the face of Sam Mountain and the festival day bear a completely new character, no longer one of superstition. This is an occasion for visitors inside and outside the province to come and see the beautiful scenery and take part in interesting, enjoyable activities. This year the Sam Mountain evening festivities had tens of thousands of people.

In the effort to promote the new way of life, An Giang Province has, along with reforming the Sam Mountain festival, concentrated on tracking down reactionary, decadent culture. The culture protection unit of more than 90 people is operating regularly and continuously in many locales, especially in the towns of Long Xuyen and Chau Doc and the districts of Tri Ton and Cho Moi, places where bad gangs congregate. The inspection unit confiscated 2,739 music tapes and phonograph records and 1,050 books and cultural products reactionary or decadent in content. More than 200 households which were operating illegal cultural businesses and hiding and using bad and harmful cultural products have been educated and have promised to make amends. Three singing groups, which have operated secretly for a long time, have been disbanded.



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